



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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February 17, 2010

TO: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **AUDIT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2009**

Attached is the audit of the financial statements of the Los Angeles County Flood Control District (District) for the year ended June 30, 2009. The audit was conducted by Moss, Levy & Hartzheim, Certified Public Accountants (Moss), under the Auditor-Controller's master agreement for audit services.

Moss' report indicates that the statements present fairly the financial position of the District, in conformity with accounting principles generally accepted in the United States of America. Moss identified no material weaknesses involving the District's internal controls over financial reporting requirements.

Please call if you have any questions or your staff may contact Jim Schneiderman at (213) 253-0101.

WLW:MMO:JLS

Attachments

c: William T Fujioka, Chief Executive Officer
Gail Farber, Director, Department of Public Works
Public Information Office
Audit Committee

Los Angeles County Flood Control District

(A COMPONENT UNIT OF THE COUNTY OF LOS ANGELES, CALIFORNIA)



Comprehensive Annual

Financial Report

Fiscal Year Ended June 30, 2009

Director Gail Farber



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2009

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LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2009

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Introductory Section



GAIL FARBER, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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ALHAMBRA, CALIFORNIA 91803-1331
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IN REPLY PLEASE

REFER TO FILE

FI-4

December 29, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

We are pleased to submit the Comprehensive Annual Financial Report of the Los Angeles County Flood Control District (District) for the year ended June 30, 2009. The District is a blended component unit of the County of Los Angeles. The report contains financial statements that have been prepared in accordance with generally accepted accounting principles prescribed for governmental entities and provides a comprehensive overview of the District's financial operations and financial position. The accuracy, completeness, and fairness of the presentation of all information in this report are the responsibility of the District.

The Independent Auditor's Report is located at the front of the Financial Section of this report. Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT AND ITS SERVICES

The District was established in 1915 under the Los Angeles County Flood Control Act. The District's powers are exercised through your Board acting as the District's governing body. The District's mission is to provide for the control and conservation of the flood, storm and other waste waters of the district, to conserve such waters for beneficial purposes and to protect the harbors, waterways, public highways and private property within the district from damage from flood and storm waters.

The District boundaries encompass approximately 2,752 square miles. The District operates and maintains one of the most advanced systems of Flood Control and water conservation in the Country. The District's current infrastructure includes 14 major dams, 483 miles of open channels, 2,953 miles of underground storm drain conduits, more than 80,000 catch basins, 61 pump plants, 155 sediment entrapment basins, 253 crib dams, 29 sediment placement sites, 27 spreading grounds, 21 low flow diversion structures, 1 constructed wetland and 3 seawater intrusion barriers. The District's major programs are categorized as Flood Control, Water Conservation, and Stormwater and Urban Runoff Quality. These programs are described as follows:

- **Flood Control** - This program includes planning, operation, maintenance, and rehabilitation of flood control facilities, emergency preparedness, storm response, floodplain management, regulatory compliance and public education.
- **Water Conservation** - This program includes the planning, operation, maintenance, and rehabilitation of water conservation facilities.
- **Stormwater and Urban Runoff Quality** - This program includes compliance activities of the District as mandated under the Los Angeles County National Pollution Discharge Elimination System (NPDES) Permit. The District's responsibilities include conducting special water quality studies, water quality monitoring of the District's channel system, enforcement of an illicit connection and discharge program, and conducting annual public education on storm water quality.

ECONOMIC OVERVIEW

The population growth in the County will place greater demands on the already limited water supplies. To address this demand, the District continues to look toward expanding its water conservation program and identifying more opportunities for stormwater capture, treatment, and recharge.

The District's revenue stream is primarily supported by benefit assessment and property taxes. Due to a decline in property values, this revenue stream is expected to be lower than in previous years. Other challenges to the District include increasing costs to operate, maintain, and replace its aging infrastructure.

The District continues to seek grant opportunities to offset increasing costs as well as partnerships and collaborative efforts with agencies and organizations to leverage resources. On November 7, 2006, voters approved California State Propositions 1E and 84, which provide for the State to sell bonds to finance projects relating to enhancing flood protection and improving urban runoff and stormwater quality. The

District anticipates that both of these measures will provide considerable funding, however, the full amount cannot be determined until the legislative process is completed and funding guidelines are established.

MAJOR INITIATIVES

FUNDING

In May 2008, the Board of Supervisors approved a contract for a consultant to determine the feasibility of the District imposing a fee on its rate payers (approximately 2.1 million parcels). The fee would allow the District to provide regional runoff urban and stormwater runoff pollution treatment services. If feasible and the District's rate payers approve the fee, revenue collected is proposed to provide regional treatment facilities throughout the boundaries of the District. The revenue would be used by the District, cities and unincorporated County communities to proactively and collaboratively construct and maintain projects that improve the quality of urban and stormwater runoff.

FLOOD CONTROL

Dam Rehabilitation Program - The District has undertaken a program to upgrade its dams that includes seismic and spillway improvements. Since the 1994 Northridge Earthquake, the District has spent approximately \$142 million in construction costs for the Dam Rehabilitation Program. Currently, the seismic rehabilitation and spillway modifications for the Big Tujunga Dam are under construction and are scheduled for completion in October 2010. Anticipated future construction projects for other dams include the Big Dalton Debris Dam, Eaton Dam, Morris Dam, Santa Anita Dam, Santa Anita Debris Dam, and Sawpit Debris Dam.

Integrated Regional Water Management Plans (IRWMP) - This program initiated by the State Department of Water Resources brings together agencies and organizations with water resource interests to collaboratively address the water resource challenges in the Los Angeles County area. This collaborative effort includes the District, cities, water purveyors, water wholesalers, groundwater managers, environmental organizations, open space, stormwater managers, and representatives from disadvantage communities.

Cooperative Projects with the Army Corps of Engineers - The District is currently involved in several project studies being sponsored and conducted by the Army Corps of Engineers. Project objectives include flood protection, water conservation, and stream restoration. The projects are spread throughout the District and are listed below:

- Arroyo Seco Watershed Feasibility Study
- Tujunga Wash Restoration 1135 Study Project
- Phase II Los Angeles County Drainage Area Stormwater Management Plan
- Sun Valley Watershed Feasibility Study
- Hansen, Whittier Narrows, Santa Fe Dams Water Conservation Study
- Coyote Creek Feasibility Study
- Santa Clara River Feasibility Study
- Ballona Creek Ecosystem Restoration Study

Federal Emergency Management Agency (FEMA) – National Levee Certification Program Compliance - The District has initiated a program to certify 105 miles of the District-owned levees in compliance with the FEMA National Levee Certification Program. The objective is to ensure that all flood control levees are evaluated and certified as providing 100-year flood protection and meeting national current design and construction standards.

Integrated Water Resource Planning - This program addresses flood protection and water conservation goals of the District in an integrated fashion. The goal of this program is to construct projects that provide multiple benefits to the communities served by the District including flood protection, water conservation, water quality, and community enhancements such as active and passive recreational facilities. Funding for projects that go beyond the District's purview are provided through multiple partners such as State conservancies and local, State, and Federal agencies.

Reservoir Sediment Removal - The District's 14 major dams and reservoirs are the backbone of the District's flood protection and water conservation network. The reservoirs also serve the function of debris control due to their location in the San Gabriel Mountains, which are considered among the most erosive in the world. As a result, sediment from the tributary watersheds washes into the reservoirs on an ongoing basis. This accumulation of debris reduces the flood peak attenuation, water conservation, and debris control capacity of the facilities. Recent fires have intensified the potential for sediment and debris inflow into these facilities requiring the need to accelerate their cleaning in the upcoming months.

WATER CONSERVATION

Additional Spreading Grounds Capacity - The District owns and operates 26 groundwater recharge facilities. These facilities allow for stormwater runoff, imported water, and recycled water to be percolated back into the aquifers. The District is looking to improve the storage and operational capacity of several spreading grounds and also acquire additional land for new spreading grounds. For the latter, the District is in the process of evaluating water conservation potential at various locations and collaborating with cities and water agencies to cost share capital improvements.

Seawater Intrusion Barriers - This program consists of three separate projects designed to prevent saltwater from contaminating underground freshwater supplies. The District has constructed over 290 recharge wells to inject freshwater into underground aquifers to form a wall of freshwater under enough pressure to keep out the seawater. The District also utilizes over 750 observation wells to monitor the purity of the groundwater in the coastal areas. The District recently increased the number of injection wells at one of the barriers in response to identified deficiencies along the barrier.

WATER QUALITY

System-Wide Water Quality Monitoring - This program involves the development of a District-wide water quality monitoring system that will identify pollutants entering the flood control system. The District proposes to use the results from this system to identify the sources of pollutants so that municipalities and responsible parties could make the best decisions regarding the implementation of cost-effective pollutant reduction measures.

INTERNAL AND BUDGETARY CONTROLS

The District has a system of internal accounting controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use and to provide reliable records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting controls should not outweigh related benefits and that the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting control evaluations occur within the above framework. We believe that the District's system of internal accounting controls adequately safeguards assets and also provides reasonable assurance of the proper recording of financial transactions.

In accordance with the provisions of Section 29000-29144 of the Government Code, commonly known as the County Budget Act, the District budgets are adopted on or before August 30 of each fiscal year. Budgets are adopted for the District's General Fund and Debt Service Fund. For the fiscal year ended June 30, 2009, there was no budget adopted for the Debt Service Fund. Expenditures are controlled at the object level for all budget units within the District, except for capital asset expenditures, which are controlled at the object class level.

Encumbrance accounting is utilized to ensure effective budgetary control and accountability. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.

Your Board approves all transfers of appropriations between budget units and transfers exceeding \$250,000 within budget units. Your Board must also approve necessary supplemental appropriations normally financed by unanticipated revenues earned during the year.

In addition to these procedural controls, the District is subject to periodic internal control and operational and management audits performed by the County Auditor-Controller to help ensure that prescribed procedures are followed and that operations are conducted in an efficient manner. In addition, the Auditor-Controller operates a fraud hotline that provides employees and citizens with a way to anonymously report perceived fraudulent activities by employees, vendors, contractors, and inspectors. Allegations reported over the hotline are evaluated and investigated by the Auditor-Controller as appropriate.

OTHER INFORMATION

INDEPENDENT AUDIT

The Continuing Disclosure Agreement dated January 1, 2003, by and between the Los Angeles County Flood Control District and The Bank of New York Trust Company, N. A., as Trustee, requires an annual audit of the basic financial statements of the District. Moss, Levy & Hartzheim, LLP, audited the District's basic financial statements for the fiscal year ended June 30, 2009. The auditor's report on the basic financial statements is included in the Financial Section of this report.

The Honorable Board of Supervisors
December 29, 2009
Page 7

AWARD


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the second year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are again submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

This report could not have been prepared without the cooperative efforts of the staff of Public Works' Financial Management Branch; various Public Works' line divisions including the Watershed Management, Water Resources, and Flood Maintenance Divisions; and the Auditor-Controller. The District would also like to thank our independent auditors, Moss, Levy & Hartzheim, LLP, for their professional assistance.

Respectfully submitted,



GAIL FARBER
Director of Public Works

WT:rp

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Los Angeles County
Flood Control District
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS**
(for Period Ending June 30, 2009)

Don Knabe, Chair
Fourth District

Gloria Molina
First District

Zev Yaroslavsky
Third District

Mark Ridley-Thomas
Second District

Michael D. Antonovich
Fifth District

Sachi A. Hamai
Executive Officer
Board of Supervisors

CONTRIBUTING COUNTY OFFICIALS

Gail Farber
Director of Public Works

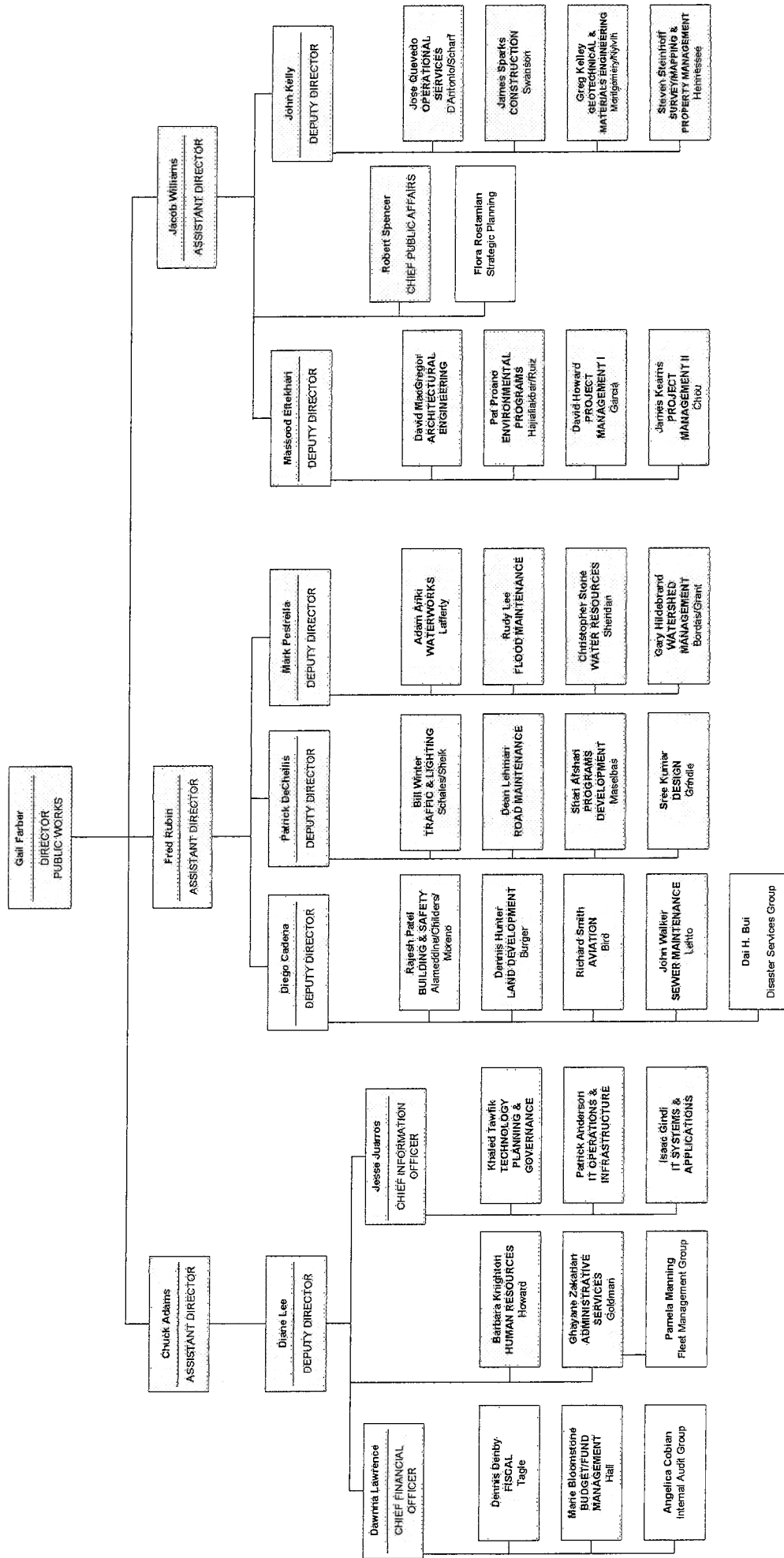
William T. Fujioka
Chief Executive Officer

Wendy L. Watanabe
Auditor-Controller

Mark J. Saladino
Treasurer and Tax Collector

Robert Kalunian
Acting County Counsel

LOS ANGELES COUNTY DEPARTMENT OF PUBLIC WORKS ORGANIZATIONAL CHART AS OF OCTOBER 5, 2009



Financial Section



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
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INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors
County of Los Angeles, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Los Angeles County Flood Control District (District), as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* as issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Los Angeles County Flood Control District as of June 30, 2009, and the respective changes in financial position thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 2 of the notes to basic financial statements effective July 1, 2008, the District adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards*.

The accompanying Required Supplementary Information, such as the Management's Discussion and Analysis, budgetary comparison schedule for the General Fund, and the notes to the Required Supplementary Information are not required parts of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information, however, we did not audit this information and we express no opinion on it.

In accordance with the *Government Auditing Standards*, we have also issued a report dated December 17, 2009, on our consideration of the Los Angeles County Flood Control District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Los Angeles County Flood Control District's basic financial statements. The Introductory Section, Schedule of Changes in Assets and Liabilities – Fiduciary Funds, and the Statistical Section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Changes in Assets and Liabilities – Fiduciary Funds has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information included in the Introductory Section and the Statistical Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion thereon.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Beverly Hills, CA
December 17, 2009

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Los Angeles County Flood Control District's (District) financial performance provides a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with information contained in the letter of transmittal and accompanying basic financial statements, notes, and supplementary information.

The District is a component of a larger governmental unit, the County of Los Angeles (County). We also encourage readers to use the Comprehensive Annual Financial Report of the County of Los Angeles to provide perspective on the government-wide and fund based statements and on how the District is a component of those statements.

FINANCIAL HIGHLIGHTS

At the end of the current year, the net assets (total assets less total liabilities) of the District were \$5.818 billion.

During the year, the District's net assets increased by \$106 million. The increase was a result of the District's governmental activities. The District has no business-type activities to report.

At the end of the current year, the District's General Fund reported a total fund balance of \$185 million. The amount of unreserved and designated fund balance was \$50 million.

The District's capital assets balance net of accumulated depreciation was \$5.717 billion at year-end, and increased by \$66 million during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are comprised of the following three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

This report also includes other supplementary information in addition to the basic financial statements.

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference representing net assets. Over time, increases or decreases in the District's net assets may serve as an indicator of whether its financial health is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that affect cash flows in future periods. For example, property tax revenues have been recorded that have been earned but not yet collected and workers' compensation expenses have been accrued but not yet paid.

The government-wide financial statements of the District report on one category, governmental activities, as the District has no business-type activities or discretely presented component units for which the District is financially accountable.

Governmental Activities - All of the District's basic services are included here. Property taxes and benefit assessments finance almost all of the District's flood control activities.

FUND FINANCIAL STATEMENTS

The fund financial statements are designed to provide more detailed information about the District's significant funds. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. The District has two kinds of funds:

Governmental Funds – All of the District's basic services are included in the governmental funds that focus on how resources flow in and out and show the balances remaining at year-end that are available for spending. The governmental funds statements provide a detailed short-term view that helps readers determine whether there are more or fewer financial resources that can be spent in the near future on the District's activities. Because this information does not encompass the additional long-term focus of the government-wide statements, we show the relationship between governmental activities and governmental funds using the reconciliations on pages 20 and 23 and the notes to the basic financial statements.

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Fiduciary Funds – These funds are used to report assets held in an agency capacity for others and cannot be used to support the District's activities. The District's agency funds are reported in this fund category using the accrual basis of accounting.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes can be found beginning on page 25 of this report.

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the District's budget and actual revenues and expenditures on a budgetary basis. The RSI can be found on pages 42 through 44 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A comparative analysis of government-wide data is available and presented under the reporting model required by Governmental Accounting Standards Board (GASB) Statement No. 34. The District does not have business-type activities to report.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$5.818 billion at the close of the most recent fiscal year (see Table 1).

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Table 1

Summary of Net Assets
As of June 30, 2009 and 2008
(in thousands)

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 221,296	\$ 193,914
Capital assets	<u>5,717,438</u>	<u>5,651,796</u>
Total assets	<u>\$5,938,734</u>	<u>\$5,845,710</u>
Current and other liabilities	\$ 23,727	\$ 21,904
Long-term liabilities	<u>97,282</u>	<u>102,210</u>
Total liabilities	<u>121,009</u>	<u>124,114</u>
Net assets:		
Invested in capital assets, net of related debt	5,632,733	5,552,586
Restricted net assets	433	503
Unrestricted net assets	<u>184,559</u>	<u>168,507</u>
Total net assets	<u>5,817,725</u>	<u>5,721,596</u>
Total liabilities and net assets	<u>\$5,938,734</u>	<u>\$5,845,710</u>

As indicated above, the District's total net assets consist of the following three components:

Capital Assets, Net of Related Debt

The District's capital assets, net of related debt, are \$5.633 billion. This represents its investment in capital assets (e.g., land and easements, buildings and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. At June 30, 2009, the District reported bonds payable of \$85 million that were related to capital assets. It should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The District uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending.

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Restricted Net Assets

The District's restricted net assets at year-end were under \$1 million. The asset restrictions are imposed by bond covenants for construction, debt service, and reserve purposes.

Unrestricted Net Assets

The District's unrestricted net assets, \$185 million, may be used to meet the District's ongoing financial requirements.

Governmental Activities

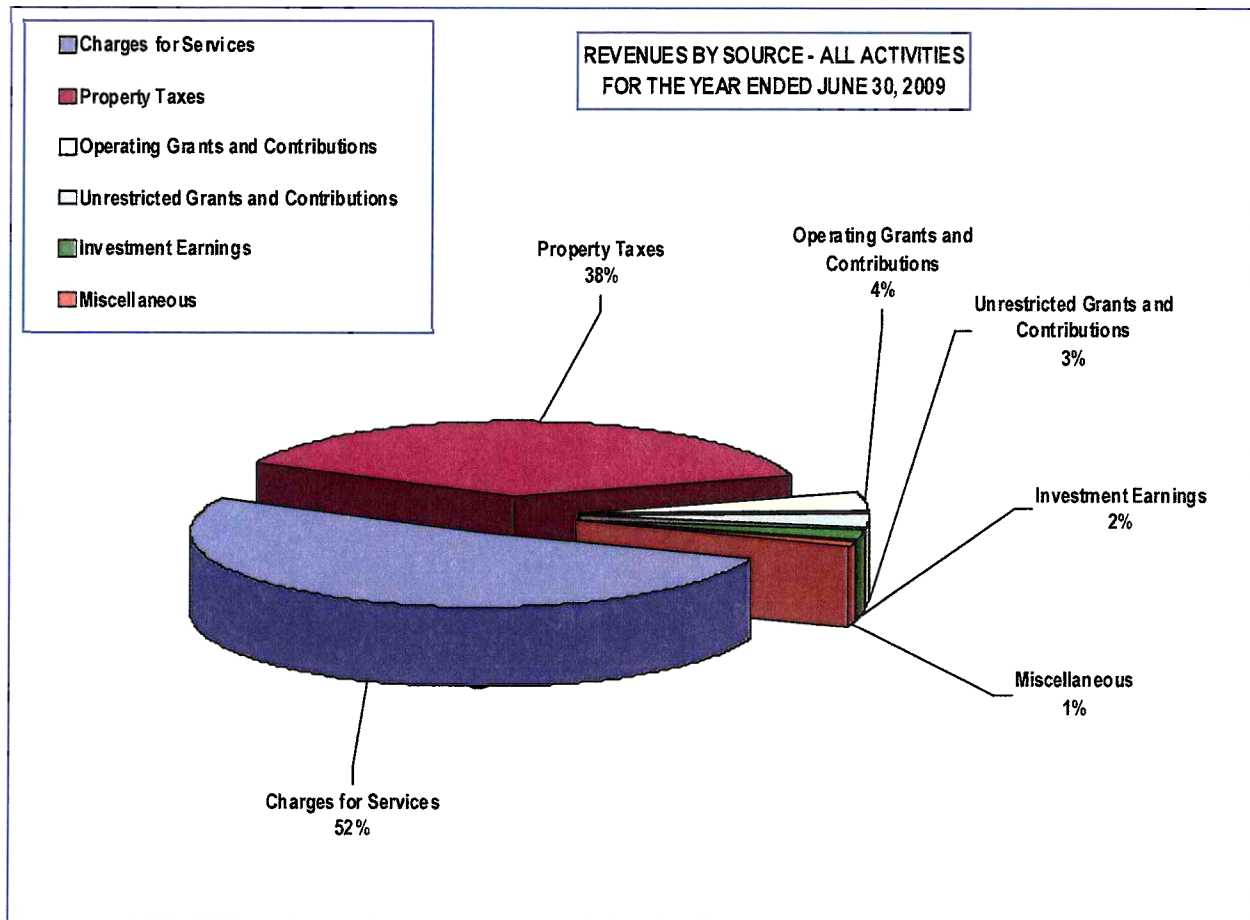
Table 2 indicates the changes in net assets for the governmental activities.

Table 2

**Summary of Changes in Net Assets
For the Years Ended June 30, 2009 and 2008
(in thousands)**

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
Revenues:		
Program revenues:		
Charges for services	\$ 137,285	\$ 129,778
Operating grants and contributions	9,757	8,630
Capital grants and contributions		1,797
General revenues:		
Property taxes	100,136	95,272
Unrestricted grants and contributions	6,978	5,589
Investment earnings	4,762	6,699
Miscellaneous	<u>1,597</u>	<u>1,332</u>
Total revenues	<u>260,515</u>	<u>249,097</u>
Expenses:		
Public protection	149,882	208,861
Interest on long-term debt	<u>4,379</u>	<u>4,933</u>
Total expenses	<u>154,261</u>	<u>213,794</u>
Changes in net assets	106,254	35,303
Net assets – beginning, as restated (Notes 2 & 12)	<u>5,711,471</u>	<u>5,686,293</u>
Net assets – ending	<u><u>\$5,817,725</u></u>	<u><u>\$5,721,596</u></u>

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**



The District's changes in net assets increased by \$71 million over the prior year. Following are the major factors that contributed to the net asset changes:

- Revenues from governmental activities increased by \$11 million (5%) over the prior year. The most significant changes in revenue were in the following areas:
 - Charges for services were \$8 million (6%) higher than the previous year due to: (1) \$2 million reimbursement from the City of Long Beach for its share of the costs of the Termino Avenue Drain Project, (2) \$1 million reimbursement from the County of Los Angeles Chief Executive Office for the costs of the Urban Stormwater Runoff Improvement Program, (3) \$4 million reimbursement from the City of Los Angeles Department of Water and Power for its share of the cost of water supply augmentation in the San Fernando Basin and the Big Tujunga Dam Seismic Rehabilitation and Spillway Modification Project, and (4) \$1 million reimbursements from various cities for water quality projects

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

- Operating grants and contributions were \$1 million (13%) higher than the previous year due to \$4 million increase in grant reimbursements from the Los Angeles Regional Water Quality Control Board, California State Coastal Conservancy, and Department of Water Resources for various projects. This increase is partially offset by a \$3 million reduction in Hazard Mitigation Grant Program reimbursement from the Federal Emergency Management Agency (FEMA) for the Big Tujunga Dam Seismic Rehabilitation and Spillway Modification Project.
- Capital grants and contributions were \$2 million (100%) lower than the previous year due to no reimbursement from FEMA since the District Headquarters Seismic Retrofit Project was completed.
- Property taxes were \$5 million (5%) higher than the previous year. The continued growth in property taxes was attributable to the early lien date (January 1, 2008), which preceded the start of the fiscal year by six months. This gap, combined with the stabilizing effect of Proposition 13, enabled the District to continue to experience growth in this area
- Unrestricted grants and contributions were \$1 million (25%) higher than the previous year due to tax increment payments from Community Redevelopment Agencies pursuant to AB1290 provisions.
- Investment earnings decreased by \$2 million (29%) as a result of the yield from the County's Treasury Pool declining from 4.62% in the prior year to 2.57% in the current year. The District deposits all cash receipts in the County's Treasury Pool and the County manages the day-to-day investments of the District.
- Governmental activity expenses were \$60 million (28%) lower than the previous year due primarily to decreases in public protection spending and a slight decrease in interest on long-term debt on scheduled debt service payments.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure compliance with finance-related legal requirements.

Types of governmental funds reported by the District include the General, Debt Service, and Capital Projects Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

As of the end of the current fiscal year, the District's governmental funds reported a combined fund balance of \$185 million, an increase of \$26 million in comparison with the prior year. The current year-end fund balance consists of \$119 million in reserves to indicate the extent that the funds have been committed or are otherwise unavailable for spending and \$50 million in designations that have been set aside for specific infrastructure improvements. The remaining \$16 million is unreserved and undesignated and is available for flood control purposes.

Revenues from the District's governmental funds, primarily the General Fund, were \$261 million, an increase of \$15 million (6%) from the previous year. The benefit assessment revenue of \$111 million, included as charges for services, was the major source of revenue for the governmental funds. The other significant source of revenue for the governmental funds was property taxes, which were \$101 million. Property taxes increased \$8 million (9%) from the previous year. Together, these two revenue sources account for 81% of total revenues for all the governmental funds. Expenditures for the governmental funds totaled \$235 million, an increase of \$2 million (1%) from the previous year. In the current year, revenues for governmental activities exceeded expenditures by \$26 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary Summary – Revenues/Financing Sources

Table 3 is a summary of current year budgetary changes and actual results for the District's General Fund revenues and other financing sources (in thousands).

Table 3

<u>Category</u>	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance - Positive (Negative)
Taxes	\$ 4,881	\$ 98,625	\$ 99,459	\$ 834
Intergovernmental revenues		19,545	16,735	(2,810)
Charges for services	19,664	142,361	126,679	(15,682)
All other revenues		17,000	16,605	(395)
Other sources and transfers	(12,932)	932	362	(570)
Changes in reserves/designations	(21,000)	(27,475)	(20,065)	7,410
Total	\$(9,387)	\$250,988	\$239,775	\$(11,213)

Changes from Amounts Originally Budgeted

During the year, the net change in budgeted tax, charges for services, other sources and transfers, and in reserves and designations is negative \$9 million. The net change resulted from the following areas:

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

- The budgeted tax revenues were increased by \$5 million. The District's policy is to increase the budget for certain tax revenues that exceed the amounts originally budgeted. The revised budget action occurs at the end of the fiscal year and is designed to demonstrate compliance with legal provisions related to the appropriation of revenues from taxes.
- The budgeted charges for services were increased by \$20 million due to funding from the County of Los Angeles Chief Executive Office (CEO) for the Clean Water Act and Urban Stormwater Runoff improvements.
- The budgeted other sources and transfers were decreased by \$13 million due to the reclassification of funding from the CEO for the Clean Water Act and Urban Stormwater Runoff improvements to charges for services.
- The changes in reserves and designations were negative \$21 million. This reflects: (1) a \$9 million release of the Termino Avenue Drain Project designation to finance the construction of a storm drain system and water main in the City of Long Beach, (2) a \$20 million establishment of designation for the Pacoima Dam Sediment Removal Project, and (3) a \$10 million supplement to the Sun Valley Watershed Management and Replenishment Project designation.

Actual Revenues/Financing Sources Compared With Final Budget Amounts

Actual revenues and other financing sources recognized by the District's General Fund were \$11 million (4%) less than budgeted. The variance mainly resulted from the following:

- Decrease in reimbursement from FEMA and the Office of Emergency Services (OES) for various 2005 Winter Storm projects.
- Funding not realized from the CEO for the Clean Water Act and Urban Stormwater Runoff improvements.
- Decrease in sale of land.
- Changes in reserves/designations totaling \$7 million were decreased as a result of the cancellation of existing contracts and purchase orders resulting in additional unreserved funds.

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Budgetary Summary - Expenditures/Other Financing Uses

Table 4 is a summary of current year budgetary changes and actual results for the District's General Fund expenditures and contingencies (in thousands).

Table 4

<u>Category</u>	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance - Positive (Negative)
Public Protection	\$(14,268)	\$274,507	\$242,794	\$31,713
Contingencies	4,881	7,886		7,886
Total	\$ (9,387)	\$282,393	\$242,794	\$39,599

Changes from Amounts Originally Budgeted

During the year, the net change in the District's General Fund budgeted public protection and contingencies is negative \$9 million. The net change resulted from the following areas:

- Budgeted public protection expenditures were decreased by \$14 million. The decrease is primarily due to: (1) a \$20 million establishment of a designation for the Pacoima Dam Sediment Removal Project, (2) a \$10 million supplement to the Sun Valley Watershed Management and Replenishment Project designation, and (3) a \$27 million reduction in the requirement for the Los Angeles County Drainage Area Project. The overall decrease of \$57 million is partially offset by (1) a \$9 million release of the Termino Avenue Drain Project designation to finance the construction of a storm drain system and water main in the City of Long Beach, (2) a \$20 million additional requirement for the Urban Stormwater Runoff Improvement Plan Program, (3) a \$5 million additional requirement for the 2005 Winter Storm projects, and (4) a \$9 million additional requirements for various water quality projects.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amounts

Actual expenditures and other financing uses of the District's General Fund were \$40 million lower than budgeted. The variance primarily resulted from the transfer of the Water Quality Services Program to the County's General Fund and changes in the District's project schedule that occur as a result of various circumstances that delay the award of a project for construction. Project delays are anticipated and an inventory of projects is kept to replace projects that remain in the planning stage or are delayed.

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had \$5.717 billion (net of depreciation) invested in capital assets including land and easements, buildings and improvements, infrastructure, and equipment (see Table 5).

The District's capital assets (net of depreciation) for the current fiscal year increased \$66 million (1%) from the prior fiscal year:

Table 5

Changes in Capital Assets, Net of Depreciation (in thousands)

	Current Year	Prior Year	Increase (Decrease)
Land and easements	\$3,551,348	\$3,498,609	\$ 52,739
Buildings and improvements (B&I)	69,121	40,173	28,948
Infrastructure	1,976,299	1,973,695	2,604
Equipment	255	265	(10)
Construction-in-progress - B&I	391	31,054	(30,663)
Construction-in-progress - infrastructure	120,024	108,000	12,024
Total	\$5,717,438	\$5,651,796	\$ 65,642

Current year infrastructure costs were capitalized for projects that remained in progress at the end of the year. The value of construction-in-progress at June 30, 2009, was \$120 million and the value will remain classified within the Construction-in-Progress category until the projects are completed.

Of the \$65 million in infrastructure asset additions, \$49 million were projects completed this year under the Construction-in-Progress category. These projects are listed below and on the following page (asset addition values are shown before depreciation is deducted).

Catch Basins Improvement

- Colima Road Drain (\$57,000)

Channel Improvements

- San Jose Creek – Invert Repair (\$1,180,000)
- L.A. River – Low Flow Channel Invert Repair at Tujunga Ave Gauging Station (\$896,000)
- Santa Clara RV SF / PD No. 1300 – Rock Groins (\$564,000)
- Verdugo Wash Lower – Repair Spalling Invert Panels (\$206,000)

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Dam Improvements

- Puddingstone Dam Reservoir – Waterline Relocation (\$724,000)
- Santa Anita Dam and Reservoir Access Road Repairs (\$620,000)
- Big Dalton Dam and Reservoir – Sediment Removal, Subdrain Extension and Sluice Gate Stem Rehabilitation Project (\$579,000)

Debris Basin Improvement

- Cooks Canyon Crib Dam M1-A – Outlet Drain System (\$1,103,000)

Pumping Plant Improvements

- Paramount Pump Station Upgrade (\$5,012,000)
- El Segundo Pump Station Upgrade (\$2,837,000)
- Alamitos Bay Pump Station – Upgrade Pump & Engine (\$946,000)
- Manhattan Beach Pump Station Rehabilitation (\$841,000)
- Project No. 9036 Unit I Hill Street Pump Station Upgrade (\$824,000)

Spreading Grounds Improvement

- Big Dalton Wash – Irwindale Spreading Basin (\$2,226,000)

Storm Drain Improvements

- Combine Construction Contract (Holly Hills Unit 8B Phase 2 & Project No. 3881, Line E) (\$14,837,000)
- Ninth Avenue Drain (\$5,691,000)
- Project No. 500 & 501 Repair (\$1,557,000)
- L. A. River Trash TMDL Full Compliance Catch Basin Retrofit – Phase 3 (\$1,316,000)
- Bartolo Drain, Unit 2, Lateral B4 Extension (\$1,092,000)
- Colima Road Drain (\$1,090,000)
- CMP Lining, CDR Phase 1A (\$1,080,000)
- Various storm drain improvement projects (\$3,856,000)

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Debt Administration

At June 30, 2009, the District had \$97 million in long-term debt. The District's long-term debt consisted of \$85 million in bonds and \$12 million in other liabilities. The District's long-term debt decreased by approximately \$5 million (5%) in the current year as a result of \$15 million in scheduled debt service payments. The debt payments were partially offset by a \$10 million increase in estimated pollution remediation obligation. Specific disclosures related to long-term obligations appear in Notes 6 and 12

The following table indicates the changes in the District's long-term debt during the year:

Table 6

Changes in Long-Term Debt (in thousands)

	Current Year	Prior Year	(Increase) Decrease
Capital Construction and Refunding Bonds	\$67,295	\$ 81,035	\$13,740
Revenue Bonds	17,410	18,175	765
Other Liabilities	12,577	3,000	(9,577)
Total	\$97,282	\$102,210	\$ 4,928

Bond Ratings

The District's debt is rated by Moody's, Standard and Poor's, and Fitch. The following is a schedule of ratings:

	<u>Moody's</u>	<u>Standard and Poor's</u>	<u>Fitch</u>
Revenue Bonds	Aa1	AA-	AA

Economic Conditions and Outlook

The Board of Supervisors adopted the District's 2009-10 Budget on June 17, 2009. The Budget was adopted based on the estimated fund balance that would be available at the end of 2008-09. The Board updated the Budget on September 22, 2009, to reflect the final 2008-09 fund balances and other pertinent financial information. For the District's General Fund, the 2009-10 Budget as updated in September 2009 utilized \$28 million of available fund balance, which exceeded the previously estimated fund balance of \$8 million. The additional fund balance of \$20 million was appropriated or designated for flood control infrastructure improvement needs.

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

The economic outlook for the District reflects the impact of the current recession just as the rest of the nation is facing. The projected decline in assessed property values and the increase in costs to operate, maintain, and replace the District's aging infrastructure continue to pose major risks to the District. The drop in assessed property values presents a great risk to the benefit assessment and property tax revenues as they are the primary sources of local funding for the District. Since these vital sources of revenues are not keeping pace with the increased costs, District management is closely monitoring changes to these funding sources and adjusting revenue estimates as new information becomes available. The District continues to actively seek grant opportunities to offset increasing costs and also partnerships and collaborative efforts with agencies and organizations to leverage resources to help meet demands.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the District's Financial Management Branch at the Department of Public Works, 900 South Fremont Avenue, 7th Floor, Alhambra, California 91803-1331.

Basic Financial Statements

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009 (in thousands)

	GOVERNMENTAL ACTIVITIES
ASSETS	
Pooled cash and investments (Notes 1 and 4)	\$ 184,233
Advances to the County of Los Angeles	6,213
Other investments (Notes 1 and 4)	275
Taxes receivable	20,245
Interest receivable	671
Other receivables	9,659
Capital assets: (Notes 1 and 5)	
Land and easements and construction-in-progress	\$ 3,671,763
Other capital assets, net of depreciation	2,045,675
Total capital assets	5,717,438
TOTAL ASSETS	5,938,734
LIABILITIES	
Accounts payable	17,181
Other payables	62
Accrued interest payable	1,328
Unearned revenue	5,156
Noncurrent liabilities: (Notes 6 and 8)	
Due within one year	17,672
Due in more than one year	79,610
TOTAL LIABILITIES	121,009
NET ASSETS	
Invested in capital assets, net of related debt	5,632,733
Restricted for:	
Capital projects	374
Debt service	59
Unrestricted	184,559
TOTAL NET ASSETS	\$ 5,817,725

The notes to the basic financial statements are an integral part of this statement.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009 (in thousands)

		Program Revenue			Net (Expense)
		Charges	Operating	Capital	Revenue and
	Expenses	for	Grants and	Grants and	Changes in
		Services	Contributions	Contributions	Net Assets
					Total
					Governmental
					Activities
Governmental activities:					
Public protection	\$ 149,882	\$ 137,285	\$ 9,757	\$ -	\$ (2,840)
Interest on long-term debt	4,379				(4,379)
Total	<u>\$ 154,261</u>	<u>\$ 137,285</u>	<u>\$ 9,757</u>	<u>\$ -</u>	<u>(7,219)</u>
General revenues:					
Property taxes					100,136
Grants and contributions not restricted to special programs					6,978
Investment earnings					4,762
Miscellaneous					1,597
Total general revenues					<u>113,473</u>
Change in net assets					106,254
Net assets - July 1, 2008				5,721,596	
Prior Period Adjustment (Notes 2 and 12)				<u>(10,125)</u>	
Net assets - July 1, 2008, as restated (Notes 2 and 12)					<u>5,711,471</u>
Net assets - June 30, 2009					<u>\$ 5,817,725</u>

The notes to the basic financial statements are an integral part of this statement.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009 (in thousands)

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Pooled cash and investments (Notes 1 and 4)	\$ 184,134	\$	\$ 99	\$ 184,233
Advances to the County of Los Angeles	6,213			6,213
Other investments (Notes 1 and 4)			275	275
Taxes receivable	11,386	628		12,014
Interest receivable	671			671
Assessments receivable	8,231			8,231
Other receivables	9,659			9,659
TOTAL ASSETS	\$ 220,294	\$ 628	\$ 374	\$ 221,296
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 17,181	\$	\$	\$ 17,181
Other payable		62		62
Unearned revenue	18,430	507		18,937
TOTAL LIABILITIES	35,611	569		36,180
FUND BALANCES:				
Reserved for:				
Encumbrances	116,125			116,125
Special purposes	3,010			3,010
Debt service		59		59
Unreserved:				
Designated for flood control projects	49,789			49,789
Undesignated	15,759		374	16,133
TOTAL FUND BALANCES	184,683	59	374	185,116
TOTAL LIABILITIES AND FUND BALANCES	\$ 220,294	\$ 628	\$ 374	\$ 221,296

The notes to the basic financial statements are an integral part of this statement.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009 (in thousands)**

Fund balance of total governmental funds (page 19)	\$	185,116
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Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Capital assets in governmental activities are not current financial
resources and therefore are not reported in governmental funds:

Land and easements	\$ 3,551,348	
Construction-in-progress	120,415	
Buildings and improvements - net	69,121	
Equipment - net	255	
Infrastructure - net	<u>1,976,299</u>	5,717,438

Other long-term assets are not available to pay for current-
period expenditures and are deferred, or not recognized,
in governmental funds:

Unearned revenue		13,781
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Accrued interest payable is not recognized in governmental funds		(1,328)
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The following long-term liabilities are not due and payable in the
current period and therefore are not reported in the governmental funds:

Bonds payable	(84,705)	
Litigation/self insurance	<u>(12,577)</u>	<u>(97,282)</u>

Net assets of governmental activities (page 17)	\$	<u><u>5,817,725</u></u>
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The notes to the basic financial statements are an integral part of this statement.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009 (in thousands)

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 100,611	\$ -	\$ -	\$ 100,611
Licenses and permits	606			606
Fines, forfeitures, and penalties	1,913			1,913
Interest	4,750	11	1	4,762
Rents and royalties	8,281			8,281
Intergovernmental revenues:				
Federal	2,086			2,086
State	8,515			8,515
Other	6,134			6,134
Charges for services	126,963			126,963
Miscellaneous	1,566			1,566
TOTAL REVENUES	261,425	11	1	261,437
EXPENDITURES:				
Current public protection:				
Services and supplies	215,492			215,492
Debt service:				
Principal		14,505		14,505
Interest		4,576		4,576
Capital outlay	808		53	861
TOTAL EXPENDITURES	216,300	19,081	53	235,434
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	45,125	(19,070)	(52)	26,003

The notes to the basic financial statements are an integral part of this statement.

Continued ...

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - Continued
FOR THE YEAR ENDED JUNE 30, 2009 (in thousands)

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	\$ 281	\$ -	\$ -	\$ 281
Transfers in from County of Los Angeles	32			32
Transfers in		19,078		19,078
Transfers out	(19,052)		(26)	(19,078)
OTHER FINANCING SOURCES (USES)	(18,739)	19,078	(26)	313
NET CHANGE IN FUND BALANCES	26,386	8	(78)	26,316
FUND BALANCES - BEGINNING	158,297	51	452	158,800
FUND BALANCES - ENDING	\$ 184,683	\$ 59	\$ 374	\$ 185,116

The notes to the basic financial statements are an integral part of this statement.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009 (in thousands)

Net change in fund balances - total governmental funds (page 22)	\$	26,316
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Expenditures for general capital assets, infrastructure and other related capital asset adjustments	\$	130,899	
Less - current year depreciation expense		(64,976)	65,923

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources, thus, the change in net assets differs from the change in fund balance	(281)
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Revenue timing differences result in more revenue in Government-wide Statements	(954)
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Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Assets	14,505
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Accrued interest for bonds payable; this is the net change in accrued interest for the current period	197
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Some expenses reported in the accompanying Statement of Activities do not require (or provide) the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in litigation/self insurance		548
Change in net assets of governmental activities (page 18)	\$	106,254

The notes to the basic financial statements are an integral part of this statement.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009 (in thousands)

	<u>AGENCY FUNDS</u>
ASSETS	
Pooled cash and investments (Notes 1 and 4)	\$ 3,699
TOTAL ASSETS	<u>\$ 3,699</u>
LIABILITIES	
Deposits payable	\$ 3,699
TOTAL LIABILITIES	<u>3,699</u>
TOTAL NET ASSETS	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

Notes to the Basic Financial Statements

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Los Angeles County Flood Control District (District) is empowered to carry out the objectives of the Los Angeles County Flood Control Act. Its objectives are to provide for the control and conservation of flood, storm, and other wastewater as well as to protect from damage the harbors, waterways, public highways, and property within the District from such flood or stormwaters. District powers are exercised through the County of Los Angeles Board of Supervisors (Board), which acts as the District's governing body. The duties of the Board include approving the District's budget, determining the District's tax rates, approving contracts, and determining whether to issue bonds authorized by the voters of the District.

Reporting Entity

District management has determined that the Public Works Financing Authority (PWFA) should be included in the basic financial statements of the District as a blended component unit. The PWFA is dependent upon the District for funding. The PWFA is a public agency organized pursuant to a Joint Exercise of Powers Agreement between the District and the County dated May 18, 1993. The PWFA is empowered to finance District capital assets through the issuance of bonds.

Blended component units are entities that, because of the closeness of the relationship with the primary government, should be blended in the basic financial statements as though they are part of the primary government. The District does not have any component units that should be discretely presented. Additional financial information for the PWFA may be obtained from the Department of Public Works at 900 South Fremont Avenue, Alhambra, California 91803.

The District is included as a blended component unit in the County financial reporting entity and is included in the County's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2009. The financial resources and operations of the District are accounted for in the fund types discussed below.

Basis of Accounting and Measurement Focus

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Financial reporting incorporates all GASB pronouncements.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Government-wide Financial Statements

Government-wide financial statements display information about the District as a whole. The Statement of Net Assets and Statement of Activities display information about the District except for fiduciary activities.

Basis of Accounting

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the basic financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Proceeds of long-term debt are recorded as a liability rather than as another financial source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than as an expenditure.

Net assets are classified into the following three categories: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. Net assets are reported as restricted when their use has been constrained by externally imposed conditions. Such conditions include limitations imposed by creditors (such as through debt covenants), grantors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2009, there were no restricted assets impacted by enabling legislation.

When both restricted and unrestricted net assets are available, restricted resources are used first and then unrestricted resources are used to the extent necessary.

Fund Financial Statements

The accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements are presented after the government-wide financial statements. These statements display information about major funds individually and in the aggregate for governmental funds.

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for governmental and fiduciary fund categories are presented.

The District reports on the following major governmental funds:

- General Fund

The General Fund is available for any authorized purpose and is used to account for all financial resources except those required to be accounted for in another fund.

- Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

- Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of flood control structures financed by long-term debt.

The District also reports on the following funds:

- Fiduciary Funds (Agency Funds)

The Agency Funds are used to account for assets held by the District in an agency capacity pending transfer or distribution to individuals, private organizations, other governmental entities, or other funds. Such funds have no equity accounts since all assets are primarily made up of deposits due to individuals or entities at some future time. The Agency Funds consist of funds for the acquisition of rights-of-way for flood control projects and deposits received from other governmental entities, private companies, and individuals as part of agreements, permits, contractual obligations, or other pre-payment requirements stemming from flood control construction projects or maintenance work.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting

In the fund financial statements, governmental funds are presented using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance operations during the year. Secured and unsecured property taxes and benefit assessments estimated to be collectable in future years are recorded as receivables and deferred revenue. The accrual of property tax revenues is generally limited to the extent that collection occurs within 60 days after the balance sheet date.

Interest income and charges for current services are accrued when earned and determined available. Changes in the fair value of investments are recognized as revenues at the end of each year. Federal and State grants are recorded as revenue when determined to be available, entitlement occurs, and related eligible expenditures are incurred. Revenues that are not accrued include licenses, permits, and miscellaneous revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except for interest on long-term debt, which is recognized when payment is due.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Noncurrent portions of long-term receivables due from governmental funds are reported on the District's balance sheet and are offset by deferred revenue. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

As a result of its spending measurement focus, expenditure recognition for governmental fund types excludes transactions involving noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the State's Government Code and Revenue and Taxation Code. Property is assessed at full cash or market value (with some exceptions). Pursuant to such legislation, the Board levies a property tax to support general operations of the various jurisdictions (ad valorem tax). This tax is limited to one percent (1%) of full cash value of property and collections are distributed in accordance with statutory formulae. The District receives an apportionment from the property tax levy which is a major source of District revenue.

Property taxes are levied on both real and personal property. Secured property taxes are levied during September of each year. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. These tax payments can be made in two equal installments. the first is due November 1 and is delinquent with penalties after December 10; the second is due February 1 and is delinquent with penalties after April 10. Secured property taxes that are delinquent and unpaid as of June 30 are declared to be tax defaulted and are subject to redemption penalties, costs, and interest when paid. If the delinquent taxes are not paid at the end of five (5) years, the property may be sold at public auction. The proceeds are used to pay the delinquent amounts due and any excess is remitted, if claimed, to the taxpayer.

Unsecured personal property taxes are not a lien against real property. These taxes are due on January 1 and become delinquent, if unpaid, on August 31. Unsecured property tax receivables are reduced by an amount estimated to be uncollectible, which is based on a five-year historical average collection percentage.

Benefit Assessments

The District, as authorized by the State's Government Code, levies an assessment on each parcel of real property within the District, except on property owned by Federal, State, or local government agencies. The assessment, as approved by the Board, is levied in proportion to benefits received and determined on the basis of the proportionate stormwater runoff from each parcel. The purpose of benefit assessments is to cover the cost of providing flood control services within the District that are not offset by other available revenues.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the accompanying financial statements reflect the fair value of investments. Changes in fair value that occur during a fiscal year are recognized as investment income reported for the fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

All cash and investment balances of the District are pooled and invested by the County Treasurer and are subject to withdrawal from the pool upon demand. Each fund's share in the pool is displayed in the accompanying financial statements as pooled cash and investments. Investment income earned by the pooled investments is allocated to various funds based on the fund's average cash and investment balance as provided by Government Code Section 53647.

The fair value of pooled investments is determined annually and based on current market prices. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawals rather than market value.

Other Investments

"Other Investments" represents investment and interest earnings related to the debt issuance currently held in trust by the Bank of New York Trust Company, N. A.

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, and infrastructure, are reported in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlays are recorded as expenditures of the General and Capital Projects Funds and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met.

The County's policy is to record infrastructure costs as services and supplies expenditures in the General Fund and capitalize as assets in the government-wide financial statements to the extent the District's capitalization threshold is met.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

The District's capitalization thresholds are \$5,000 for equipment, \$100,000 for buildings and improvements, and \$100,000 for infrastructure assets. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements that significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and the related accumulated depreciation, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations. Specific disclosures related to capital assets appear in Note 5.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	2 to 35 years
Infrastructure	15 to 100 years

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. ACCOUNTING CHANGES AND RESTATEMENT OF NET ASSETS

As discussed below, the District implemented the following GASB Statements in the 2008-2009 fiscal year:

Governmental Accounting Standards Board Statement No. 49

For the fiscal year ended June 30, 2009, the District implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations." This Statement provides specific guidance on accounting and financial reporting for pollution remediation obligations, including disclosure requirements. These obligations address the current and potential detrimental effects of existing pollution by participating in pollution remediation activities. This matter is further discussed in Note 12.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

2. ACCOUNTING CHANGES AND RESTATEMENT OF NET ASSETS-Continued

Governmental Accounting Standards Board Statement No. 52

GASB Statement No. 52, "Land, and Other Real Estate Held as Investments by Endowments," was implemented by the District for the fiscal year ended June 30, 2009. GASB No. 52 establishes standards for accounting and financial reporting for land and other real estate held as investments by endowments. For the fiscal year ended June 30, 2009, no District endowment held land or real estate as investments. While GASB No. 52 is not applicable for the current period, the District will apply the Statement as appropriate in the future.

Governmental Accounting Standards Board Statement No. 55

GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," was implemented by the District for the fiscal year ended June 30, 2009. This Statement is effective as of April 2, 2009, and its objective is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles.

Governmental Accounting Standards Board Statement No. 56

GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards," was implemented by the District for the fiscal year ended June 30, 2009. This statement is effective as of April 16, 2009, and its objective is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles-related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature.

Restatement of Net Assets

During the year, the District restated beginning balances to reflect the recording of the estimated pollution remediation obligations due to the implementation of GASB Statement No. 49. The effects of the changes are as follows (in thousands):

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

2. ACCOUNTING CHANGES AND RESTATEMENT OF NET ASSETS-Continued

	Net Assets July 1, 2008, As Previously Reported	Effect of Including Remediation Obligation	Net Assets July 1, 2008, As Restated
Government-wide			
Governmental activities	\$5,721,596	\$(10,125)	\$5,711,471

3. TRANSACTIONS WITH THE COUNTY

Pursuant to an agreement between the District and the County, the County is responsible for providing all necessary employees to the District for purposes of performing District functions. Costs related to these employees are billed to the District based on actual time spent providing services to the District. Supply and equipment costs are also billed based on actual usage by the District. Accordingly, the District has no supplies inventory or employee-related liabilities (e.g., pension, compensated absences, and workers' compensation). For the year ended June 30, 2009, the County's billings to the District's General Fund approximated \$106,579,000. Costs associated with shared equipment and inventory funded through the Department of Public Works Internal Service Fund are recorded in the District's financial statements as expense under "Public Protection." For the year ended June 30, 2009, this expense from the District's General Fund was \$1,425,000.

The District has numerous transactions with the other funds of the County in order to finance operations, provide services, purchase assets, and apportion property taxes. To the extent that certain transactions between the District and these funds have not been paid or received as of June 30, 2009, the net balances of interfund amounts receivable or payable have been converted to cash for financial statement presentation.

On April 16, 1990, the District entered into a cost-sharing agreement with the County relative to the Public Works headquarters building. The agreement provides for the County to make rental payments to the District in exchange for its occupancy of the headquarters. Furthermore, the County agreed to pay for its proportionate share of the headquarters operating costs. For the year ended June 30, 2009, County rental payments to the District totaled \$5,110,000.

The District issued certificates of participation in 1987 to acquire the headquarters building. These certificates were defeased and replaced with refunding bonds in August 1993. The 1993 refunding bonds were refunded in January 2003 (see Note 6). The District's management has no intention of selling the headquarters. However, in the event the headquarters were to be sold, the proceeds of the sale in excess of any outstanding indebtedness would be shared by the District and the County in proportion to each entity's share of the headquarters' cost.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

4. CASH AND INVESTMENTS

Pooled Cash and Investments

As provided for by the Government Code, certain cash balances of the District are pooled and invested by the County Treasurer and are subject to withdrawal from the pool upon demand. As of June 30, 2009, the District's share of the total pooled cash and investments included in the Statement of Net Assets and Balance Sheet under "pooled cash and investments" was \$184,233,000, which represents approximately 0.90% of the total pool. The "pooled cash and investments" reported on the Statement of Fiduciary Net Assets was \$3,699,000.

Interest earned on pooled investments is deposited monthly based upon the average daily deposit balance during the allocation period. Investment gains and losses are proportionately shared by the entities participating in the pool as an increase or reduction in interest earnings. The net unrealized gain on the District's proportionate share of investments held in the Treasurer's Pool was \$797,000 as of June 30, 2009. Statutes authorize the pool to invest in obligations of the United States Treasury, federal agencies, municipalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, negotiable certificates of deposit, floating rate notes, repurchase agreements, and reverse repurchase agreements.

Investments are managed by the County Treasurer, who provides status reports on a monthly basis to the Board. In addition, Treasury investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial reviews, and annual financial reporting.

GASB Statement No. 3 exempts participating entities from classifying their pool investments in categories of credit risk; however, GASB Statement No. 40 requires disclosures of common deposit and investment risks related to credit risks, concentration of credit risk, interest rate risk, and foreign currency risk. Information on common deposit and investment risks for the entire County Treasurer Pool is presented in Note 5 to the County of Los Angeles Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2009.

Other Investments

Short-term investments of Milestone Treasury are managed by the Bank of New York Trust Company, N. A.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, is as follows (in thousands):

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
<u>Governmental Activities</u>				
Capital assets, not depreciated:				
Land and easements	\$3,498,609	\$ 52,760	\$ (21)	\$3,551,348
Construction-in-progress - buildings and improvements	31,054	391	(31,054)	391
Construction-in-progress - infrastructure	<u>108,000</u>	<u>61,158</u>	<u>(49,134)</u>	<u>120,024</u>
Subtotal	<u>3,637,663</u>	<u>114,309</u>	<u>(80,209)</u>	<u>3,671,763</u>
Capital assets, being depreciated:				
Buildings and improvements	64,834	31,045		95,879
Equipment	1,644	25	(46)	1,623
Infrastructure	<u>3,398,356</u>	<u>65,448</u>	<u>_____</u>	<u>3,463,804</u>
Subtotal	<u>3,464,834</u>	<u>96,518</u>	<u>(46)</u>	<u>3,561,306</u>
Less accumulated depreciation:				
Buildings and improvements	24,661	2,097		26,758
Equipment	1,379	35	(46)	1,368
Infrastructure	<u>1,424,661</u>	<u>62,844</u>	<u>_____</u>	<u>1,487,505</u>
Subtotal	<u>1,450,701</u>	<u>64,976</u>	<u>(46)</u>	<u>1,515,631</u>
Total capital assets, being depreciated, net	<u>2,014,133</u>	<u>31,542</u>	<u>_____</u>	<u>2,045,675</u>
Total capital assets, net	<u>\$5,651,796</u>	<u>\$145,851</u>	<u>\$(80,209)</u>	<u>\$5,717,438</u>

Depreciation Expense

Governmental activities:

Public protection	<u>\$ 64,976</u>
Total depreciation expense, governmental activities	<u>\$ 64,976</u>

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

5. CAPITAL ASSETS-Continued

The capital asset adjustment of \$130,899,000 shown in the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the year ended June 30, 2009 (page 23), is detailed as follows (in thousands):

Capital Assets Adjustments:

Addition of Capital Assets, not depreciated	\$114,309
Deletion of Capital Assets, not depreciated	(80,209)
Addition of Capital Assets, being depreciated	96,518
Deletion of Capital Assets, being depreciated	(46)
Deletion of Accumulated Depreciation	46
Net Book Value of Capital Assets Sold	<u>281</u>
Total Capital Assets Adjustments	<u>\$130,899</u>

6. LONG-TERM OBLIGATIONS

Long-term obligations of the District consist of capital construction and refunding bonds and other liabilities (Note 8).

Capital Construction and Refunding Bonds

On January 30, 2003, the Los Angeles County Public Works Financing Authority issued \$143,195,000 in refunding revenue bonds, maturing on various dates between 2004 and 2017, with an average interest rate of 3.34%. These bonds were issued to refund the outstanding principal amount of \$147,565,000 of capital construction and refunding bonds issued in 1993 at an interest rate of 5%.

The District's capital construction and refunding bonds outstanding at June 30, 2009, are summarized as follows (in thousands):

\$143,195 issued in 2003; due in annual installments through 2017; average interest at 3.34%	\$67,295
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LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

6. LONG-TERM OBLIGATIONS-Continued

Aggregate maturity of capital construction and refunding bonds as of June 30, 2009, are as follows (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 14,300	\$ 3,283
2011	14,985	2,598
2012	15,735	1,848
2013	16,530	1,062
2014	1,355	235
2015-2017	4,390	371
Total	<u>\$ 67,295</u>	<u>\$ 9,397</u>

Revenue Bonds Series 2005A

On July 13, 2005, the Los Angeles County Public Works Financing Authority issued \$20,540,000 in revenue bonds, maturing on various dates between 2006 and 2025, with interest rates ranging from 4% to 4.125%. Bond proceeds were used to finance the design, renovation, improvement, and seismic retrofitting of the District's headquarters building and to pay certain costs of issuance incurred in connection with the Series 2005A Bonds. The District's revenue bonds outstanding at June 30, 2009, are summarized as follows (in thousands)

\$20,540 issued in 2005; due in annual installments through 2025; interest at 4.0% to 4.125%	\$17,410
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Aggregate maturity of revenue bonds as of June 30, 2009, are as follows (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 795	\$ 701
2011	830	669
2012	865	636
2013	895	601
2014	935	566
2015-2019	5,255	2,236
2020-2024	6,395	1,097
2025	1,440	59
Total	<u>\$ 17,410</u>	<u>\$ 6,565</u>

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

6. LONG-TERM OBLIGATIONS-Continued

Changes in Long-Term Obligations

The following is a summary of long-term obligations for the fiscal year ended June 30, 2009 (in thousands):

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions/ Maturities</u>	<u>Balance June 30, 2009</u>	<u>Due Within One Year</u>
Bonds Payable	\$ 99,210	\$.	\$(14,505)	\$ 84,705	\$15,095
Other Liabilities (Note 8)	<u>3,000</u>	<u>10,188</u>	<u>(611)</u>	<u>12,577</u>	<u>2,577</u>
Total	<u>\$102,210</u>	<u>\$ 10,188</u>	<u>\$(15,116)</u>	<u>\$ 97,282</u>	<u>\$17,672</u>

7. INTERFUND TRANSACTIONS

Interfund transfers made during the year between the General, Debt Service, and Capital Projects Funds were in accordance with long-term debt covenants. Interfund transfers to/from other funds for the year ended June 30, 2009, are as follows (in thousands):

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$19,052
Capital Projects Fund	Debt Service Fund	<u>26</u>
Total		<u>\$19,078</u>

8. RISK MANAGEMENT

The District is self-insured and has programs to address general liability. The District's properties are insured under the County's Consolidated Property Insurance Program, which has coverage up to \$800 million for all risk including earthquakes, \$300 million for flood damages, and \$1 million for pollution cleanup. There were no settlements related to these programs that exceeded insurance coverage in the last three years. The District bears the risk for all loss exposure in excess of insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. The District utilizes actuarial studies, historical data, and individual claim reviews to estimate these liabilities.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

8. RISK MANAGEMENT-Continued

As of June 30, 2009, the District's best estimate of these probable judgment liabilities is \$12,577,000. Changes in the reported liability since July 1, 2006, resulted from the following (in thousands):

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimate</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2006-07	\$2,101	\$629	(\$295)	\$2,435
2007-08	\$2,435	\$841	(\$276)	\$3,000
2008-09	\$3,000	\$10,188	(\$611)	\$12,577

9. PROPOSITION 218

In November 1996, voters approved the "Right to Vote on Taxes Act" (Proposition 218), which limits the District's ability to levy additional property-related benefit assessments without owner approval. In September 1998, the Board approved ordinance amendments to bring the County's general purpose taxes into conformance with Proposition 218. The District's existing benefit assessments are exempt under Proposition 218. However, any future increases to property-related benefit assessments may be subject to property owner approval.

10. FEDERAL CLEAN WATER ACT

The Federal Clean Water Act (CWA) continues to have a significant impact on the District, although other funding sources, primarily the County of Los Angeles General Fund, have eased some of the impact. As a Principal Permittee under the Los Angeles Municipal Stormwater NPDES Permit (Permit), which is mandated by the CWA, the District continues to:

- Implement programs to minimize urban and stormwater runoff pollution.
- Conduct water quality monitoring.
- Conduct scientific studies to better understand pollutant sources and the effectiveness of management practices.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

10. FEDERAL CLEAN WATER ACT-Continued

- Coordinate the reporting of copermittees' program implementation.
- Coordinate activities of copermittees and act as a liaison between copermittees and the Los Angeles Regional Water Quality Control Board.

The District continues to work with stakeholders to find successful and cost-effective solutions to comply with Total Maximum Daily Load (TMDL) regulations. In accordance with the CWA, the United States Environmental Protection Agency promulgates TMDLs to restore and protect the health of the nation's surface water bodies when existing pollution control programs do not attain water quality standards. A TMDL is simply defined as the amount of a pollutant that a water body can receive while meeting water quality standards and an allocation to various sources. Over 20 TMDLs have been adopted in Los Angeles County since 2000. Although not responsible for TMDL compliance, the District continues to collaborate with its municipal partners to keep pollutants out of the flood control system. At the direction of the County's Board of Supervisors, the District is exploring a countywide Water Quality Funding Initiative that if approved by voters, would implement a property-based storm drainage fee for clean water that can be leveraged to obtain Federal and State funding.

11. SUBSEQUENT EVENTS

Propositions 1E - The Disaster Preparedness and Flood Prevention Bond Act of 2006 and 84 – The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006

On November 7, 2006, the voter approval of infrastructure ballot measures for California State Propositions 1E and 84 provides for the State to sell bonds to finance projects relating to enhancing flood protection and improving stormwater runoff quality. Both of these measures may potentially provide considerable funding to the District; however, the full funding impact to the District cannot be determined until the legislative process is complete and funding guidelines are established.

12. POLLUTION REMEDIATION

As discussed in Note 2, the District implemented GASB Statement No. 49 for the fiscal year ended June 30, 2009. GASB 49 establishes accounting and reporting guidelines for the recognition and measurement of pollution remediation obligations (liabilities).

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2009

12. POLLUTION REMEDIATION-Continued

The District is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the District's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g. California Regional Water Quality Control Board) notified the District of the need for remedial action. In addition, the District conducts its own environmental monitoring to identify pollution sites and matters requiring further investigation and possible remediation. Once the District is aware of these conditions, it commences monitoring, assessment, testing and/or cleanup activities, and recognizes pollution remediation obligations when estimates can reasonably be determined.

The types of pollution that have been identified include leaking underground storage tanks, and water, groundwater and soil contamination. Remediation efforts include developing remediation and feasibility studies, source identification studies, site testing, sampling and analysis, groundwater cleanup, and removal of underground storage tanks.

As of June 30, 2009, the District's estimated pollution remediation obligations totaled \$10,125,000. These obligations were all associated with the District's government-wide governmental activities. The estimated liabilities were determined by project managers, based on historical cost information for projects of the same type, size and complexity and measured at their current value. In subsequent periods, the District will adjust estimated obligations when new information indicates such changes are required. At this time, the District has determined there are no estimated recoveries reducing the obligations.

Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009 (in thousands)

	GENERAL FUND			VARIANCE
	ORIGINAL	FINAL	ACTUAL ON	FROM
	BUDGET	BUDGET	BUDGETARY	FINAL
			BASIS	BUDGET
				POSITIVE
				(NEGATIVE)
<u>REVENUES:</u>				
Taxes	\$ 93,744	\$ 98,625	\$ 99,459	\$ 834
Licenses and permits	1,300	1,300	606	(694)
Fines, forfeitures, and penalties	1,000	1,000	1,913	913
Revenue from use of money and property:				
Investment income	6,849	6,849	3,792	(3,057)
Rents and concessions	6,934	6,934	7,603	669
Royalties	200	200	678	478
Intergovernmental revenues:				
Federal	4,119	4,119	2,086	(2,033)
State	9,227	9,227	8,515	(712)
Other	6,199	6,199	6,134	(65)
Charges for services	122,697	142,361	126,679	(15,682)
Miscellaneous	717	717	2,013	1,296
TOTAL REVENUES	252,986	277,531	259,478	(18,053)
<u>EXPENDITURES:</u>				
Current - Public protection:				
Services and supplies	264,934	250,326	220,435	29,891
Other charges	20,006	20,246	19,820	426
Capital assets	156	256	177	79
Capital outlay	1,725	1,725	937	788
TOTAL EXPENDITURES	286,821	272,553	241,369	31,184
REVENUES OVER/(UNDER) EXPENDITURES	(33,835)	4,978	18,109	13,131
 <u>OTHER FINANCING SOURCES (USES):</u>				
Sales of capital assets	900	900	281	(619)
Transfers in	12,964	32	81	49
Transfers out	(1,954)	(1,954)	(1,425)	529
Appropriation for contingencies	(3,005)	(7,886)		7,886
Changes in reserves and designations	(6,475)	(27,475)	(20,065)	7,410
OTHER FINANCING SOURCES (USES)-NET	2,430	(36,383)	(21,128)	15,255
NET CHANGE IN FUND BALANCE	(31,405)	(31,405)	(3,019)	28,386
FUND BALANCE, JULY 1, 2008	31,405	31,405	31,405	
FUND BALANCE, JUNE 30, 2009	\$ -	\$ -	\$ 28,386	\$ 28,386

See accompanying notes to required supplementary information.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. BUDGETARY DATA

In accordance with the provisions of Section 29000-29144 of the State's Government Code, commonly known as the County Budget Act, a District budget must be adopted on or before August 30 for each fiscal year. Budgets are adopted for the General Fund and the Debt Service Fund on a basis of accounting which is different from generally accepted accounting principles (GAAP). For the fiscal year ended June 30, 2009, there was no budget adopted for the Debt Service Fund. Note 2 indicates specific differences between the two bases of accounting as of June 30, 2009. The major areas of difference are as follows:

- Under the budgetary basis, designations are recorded as other financing uses at the time they are established. Although designations are not legal commitments, the District recognizes them as uses of budgetary fund balance. Designations that are subsequently cancelled or otherwise made available for appropriation are recorded as other financing sources.
- Under the budgetary basis, encumbrances and other reserves are also recorded as other financing uses at the time they are established. For encumbrances, this occurs at the time contracts or purchase agreements are entered into. Under the GAAP basis, these obligations are only recognized when goods are received or services are rendered. Other reserves are also recognized as other financing uses to indicate that certain assets are not available for appropriation. Cancellations of encumbrances and other fund balance reserves are recorded as other financing sources for budgetary purposes.
- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the GAAP basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.
- Under the GAAP basis, investment income includes the effect of changes in the fair value of investment. Under the budgetary basis, investment income is recognized prior to the effect of such fair value changes.

Expenditures are controlled at the object level for all District budgets, except for capital asset expenditures, which are controlled at the object class level. Expenditures did not exceed the related appropriations within any fund at June 30, 2009.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-Continued

1. BUDGETARY DATA-Continued

Encumbrances are set aside appropriations related to purchase orders or contracts for goods or services and are recorded to assure budgetary control and accountability in the General Fund and Capital Projects Fund. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately expected to result if the unperformed purchase orders or contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balances for subsequent year expenditures (see Note 2).

Any excess of budgeted expenditures and other financing uses over revenue and other financing sources is financed by beginning available fund balance as provided for in the County Budget Act.

2. RECONCILIATION BETWEEN BUDGETARY BASIS AND GAAP

The District's Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on Budgetary Basis for the General Fund has been prepared on the budgetary basis of accounting which is different from GAAP.

The amounts presented for the governmental fund statements are based on the modified accrual basis (GAAP) of accounting and differ from the amounts presented on the budgetary basis of accounting. The following schedule is a reconciliation of the budgetary and GAAP basis fund balances as of June 30, 2009 (in thousands):

	General Fund
Fund Balance – Budgetary Basis (page 42)	\$ 28,386
Reserves and Designations	<u>168,924</u>
Subtotal	197,310
Adjustments:	
Change in Accounts Payable Accruals	(7,420)
Change in Revenue Accruals	<u>(5,207)</u>
Fund Balance – GAAP Basis (page 22)	<u><u>\$184,683</u></u>

Other Supplementary Information

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009 (in thousands)

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 3,244	\$ 15,892	\$ (15,437)	\$ 3,699
TOTAL ASSETS	<u>\$ 3,244</u>	<u>\$ 15,892</u>	<u>\$ (15,437)</u>	<u>\$ 3,699</u>
LIABILITIES				
Deposits payable	\$ (3,244)	\$ (15,892)	\$ 15,437	\$ (3,699)
TOTAL LIABILITIES	<u>\$ (3,244)</u>	<u>\$ (15,892)</u>	<u>\$ 15,437</u>	<u>\$ (3,699)</u>

Statistical Section

STATISTICAL SECTION

The information in this section is not covered by the Independent Auditors' Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to better understand and assess the District's overall financial health.

CONTENTS	<u>PAGE</u>
FINANCIAL TRENDS.....	46
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
REVENUE CAPACITY	52
These schedules contain trend information to help the reader assess the District's most significant local revenue source, property taxes.	
DEBT CAPACITY	56
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	62
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
OPERATING INFORMATION	64
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the applicable year.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NET ASSETS BY CATEGORY (UNAUDITED)
LAST EIGHT FISCAL YEARS (in thousands)
(accrual basis of accounting)

(1)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Governmental activities (2)								
Invested in capital assets, net of related debt (deficit)	\$ (85,127)	\$ (33,487)	\$ 16,000	\$ 67,884	\$ 5,461,839	\$ 5,515,779	\$ 5,552,586	\$ 5,632,733
Restricted (3)	2,430	4,769	3,313	1,700	17,759	2,176	503	433
Unrestricted	126,159	121,973	122,965	122,695	138,795	150,862	168,507	184,559
Total government net assets	43,462	93,255	142,278	192,279	5,618,393	5,668,817	5,721,596	5,817,725
Primary government								
Invested in capital assets, net of related debt (deficit)	(85,127)	(33,487)	16,000	67,884	5,461,839	5,515,779	5,552,586	5,632,733
Restricted (3)	2,430	4,769	3,313	1,700	17,759	2,176	503	433
Unrestricted	126,159	121,973	122,965	122,695	138,795	150,862	168,507	184,559
Total primary government net assets	\$ 43,462	\$ 93,255	\$ 142,278	\$ 192,279	\$ 5,618,393	\$ 5,668,817	\$ 5,721,596	\$ 5,817,725

Notes:

- (1) Trend data is available for only the prior seven fiscal years since the implementation of GASB 34 in 2001-02. Fiscal year 2005-06 and subsequent years reflect retroactive reporting of capital assets in accordance with GASB 34.
- (2) This schedule reports on one category, governmental activities, as the District has no business-type activities to be reported.
- (3) Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
CHANGES IN NET ASSETS (UNAUDITED)
LAST EIGHT FISCAL YEARS (in thousands)
(accrual basis of accounting)

	(1)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Expenses									
Governmental activities (2)									
General government									
Public protection									
Interest on long-term debt		\$ 150,222	\$ 149,353	\$ 150,623	\$ 147,942	\$ 163,535	\$ 180,993	\$ 208,861	\$ 149,882
Total governmental activities expenses		8,979	9,293	6,199	5,534	5,788	5,554	4,933	4,379
Total primary government expenses		159,201	158,646	156,822	153,476	169,323	186,547	213,794	154,261
Program Revenues									
Governmental activities									
Charges for services									
Benefit Assessments		107,556	108,685	109,028	109,544	109,390	109,136	108,688	110,653
Other charges for services		8,592	14,368	11,538	9,164	12,104	12,683	21,090	26,632
Subtotal governmental activities charges for services		116,148	123,053	120,566	118,708	121,494	121,819	129,778	137,285
Operating grants and contributions		1,817	1,194	5,600	4,931	7,125	12,085	8,630	9,757
Capital grants and contributions		204	1,448	533	926	4,172	1,785	1,797	
Total governmental activities program revenue		118,169	125,695	126,699	124,565	132,791	135,689	140,205	147,042
Total primary government revenues		118,169	125,695	126,699	124,565	132,791	135,689	140,205	147,042
Net (expense)/revenue:									
Government activities		(41,032)	(32,951)	(30,123)	(28,911)	(36,532)	(50,858)	(73,589)	(7,219)
Total primary government net expenses		\$ (41,032)	\$ (32,951)	\$ (30,123)	\$ (28,911)	\$ (36,532)	\$ (50,858)	\$ (73,589)	\$ (7,219)

Continued

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
CHANGES IN NET ASSETS (UNAUDITED) - Continued
LAST EIGHT FISCAL YEARS (in thousands)
(accrual basis of accounting)

(1)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
General Revenues and Other Changes in Net Assets								
Governmental activities (2)								
Property taxes	\$ 65,575	\$ 69,518	\$ 72,723	\$ 70,937	\$ 76,423	\$ 88,858	\$ 95,272	\$ 100,136
Unrestricted grants and contributions	2,795	3,042	3,197	2,984	3,443	5,653	5,589	6,978
Investment earnings	4,574	2,183	957	2,582	4,961	6,613	6,699	4,762
Miscellaneous	1,063	8,001	2,269	2,409	1,429	158	1,332	1,597
Subtotal governmental activities	74,007	82,744	79,146	78,912	86,256	101,282	108,892	113,473
Total primary government	74,007	82,744	79,146	78,912	86,256	101,282	108,892	113,473
Changes in Net Assets								
Government activities	32,975	49,793	49,023	50,001	49,724	50,424	35,303	106,254
Total primary government	\$ 32,975	\$ 49,793	\$ 49,023	\$ 50,001	\$ 49,724	\$ 50,424	\$ 35,303	\$ 106,254

Notes:

- (1) Trend data is available for only the prior seven fiscal years since the implementation of GASB 34.
(2) This schedule reports on one category, governmental activities, as the District has no business-type activities to be reported.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
LAST EIGHT FISCAL YEARS (in thousands)
(modified accrual basis of accounting)

(1)	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
General Fund								
Reserved for:								
Encumbrances	\$ 88,300	\$ 85,409	\$ 87,511	\$ 91,506	\$ 104,637	\$ 100,464	\$ 112,849	\$ 116,125
Special purposes	3,011	3,008	3,008	3,008	3,011	3,011	12,011	3,010
Unreserved, designated for:								
Flood control projects	20,307	19,478	19,478	18,099	26,049	33,814	13,314	49,789
Unreserved, undesignated, reported in:								
General Fund	5,769	7,153	7,748	6,834	(260)	6,091	20,123	15,759
Subtotal General Fund	<u>117,387</u>	<u>115,048</u>	<u>117,745</u>	<u>119,447</u>	<u>133,437</u>	<u>143,380</u>	<u>158,297</u>	<u>184,683</u>
All Other governmental Funds (2)								
Reserved for:								
Debt service	4,934	4,654	3,270	1,603	836	663	51	59
Unreserved, undesignated, reported in:								
Capital projects funds	117	220	101	116	15,147	1,516	452	374
Subtotal all other government funds	<u>5,051</u>	<u>4,874</u>	<u>3,371</u>	<u>1,719</u>	<u>15,983</u>	<u>2,179</u>	<u>503</u>	<u>433</u>
Total governmental fund balance	<u>\$ 122,438</u>	<u>\$ 119,922</u>	<u>\$ 121,116</u>	<u>\$ 121,166</u>	<u>\$ 149,420</u>	<u>\$ 145,559</u>	<u>\$ 158,800</u>	<u>\$ 185,116</u>

Notes:

- (1) Trend data is available for only the prior seven fiscal years since the implementation of GASB 34.
(2) "All Other Governmental Funds" consist of the Debt Service and Capital Projects Funds.

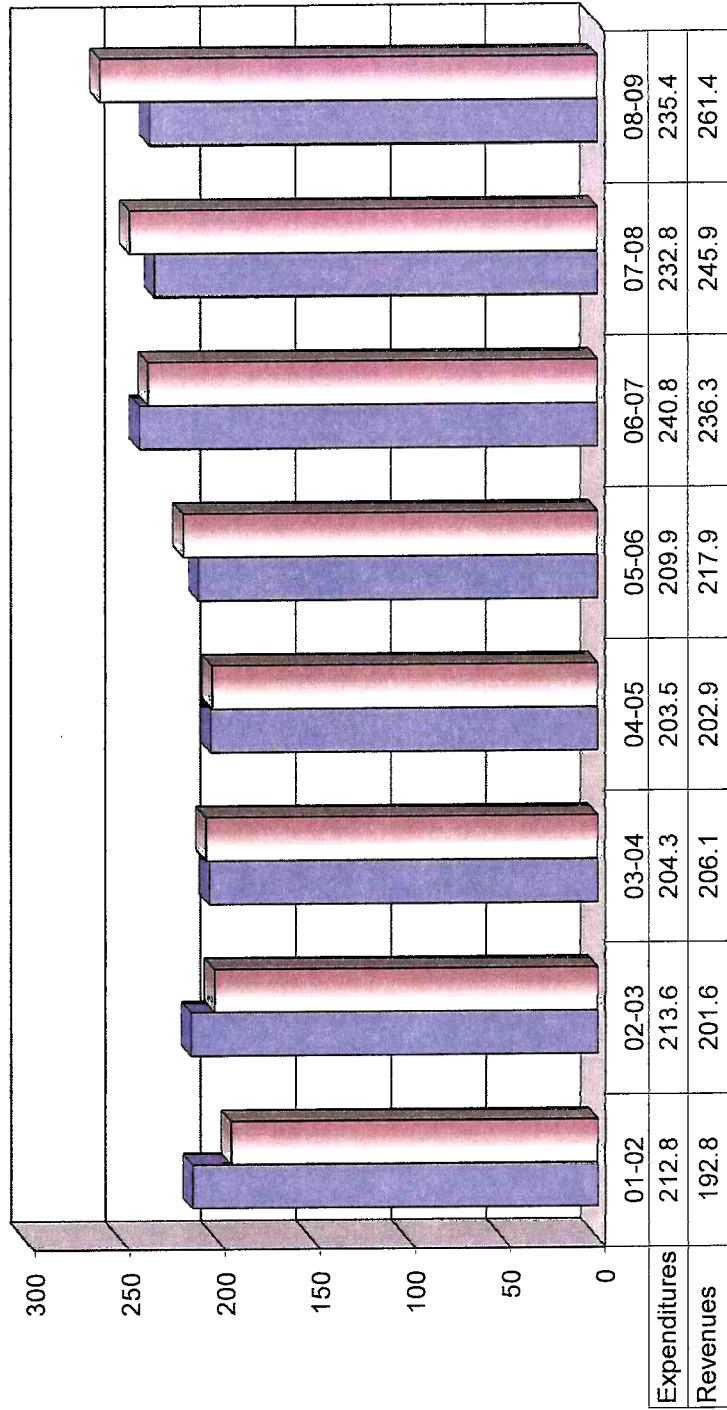
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
LAST EIGHT FISCAL YEARS (in thousands)
(modified accrual basis of accounting)

	(1)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Revenues (by source)									
Taxes	\$	66,315	\$ 69,505	\$ 72,689	\$ 70,994	\$ 75,397	\$ 88,605	\$ 93,157	\$ 100,611
Licenses, permits, and franchises		731	535	231	308	394	514	741	606
Fines, forfeitures, and penalties		1,518	1,681	2,802	1,226	1,196	1,060	1,440	1,913
Revenues from use of money and property									
Interest		4,574	2,183	957	2,582	4,961	6,613	6,700	4,762
Rents and royalties		6,248	6,133	6,802	5,191	7,028	7,301	7,797	8,281
Intergovernmental revenues:									
Federal		3,313	2,347	5,240	4,065	4,095	5,375	6,086	2,086
State		1,502	1,106	1,695	2,633	8,036	9,324	3,397	8,515
Other		1	2,232	2,396	2,142	2,609	4,824	4,747	6,134
Charges for services		107,552	115,003	111,697	112,653	113,296	112,524	118,798	126,963
Miscellaneous		1,061	855	1,554	1,128	869	187	3,038	1,566
Total Revenues		192,815	201,580	206,063	202,922	217,881	236,327	245,901	261,437
Expenditures (by function)									
Current:									
Public protection									
Debt services		185,722	176,503	179,170	179,364	179,100	205,119	188,994	215,492
Principal		16,775	24,026	16,205	16,065	14,580	14,280	14,350	14,505
Interest		9,366	9,585	6,667	5,676	5,796	5,560	5,112	4,576
Capital leases									
Capital outlay		950	3,535	2,228	2,439	10,422	15,828	24,379	861
Total Expenditures		212,813	213,649	204,270	203,544	209,898	240,787	232,835	235,434
Excess of Revenues over (under) Expenditures		(19,998)	(12,069)	1,793	(622)	7,983	(4,460)	13,066	26,003
Other Financing Sources (Uses)									
Sales of capital assets		206	243	708	1,281	757	599	175	281
Transfers in from County of Los Angeles									32
Transfers in		18,429	18,482	17,587	17,582	39,517	19,050	19,327	19,078
Transfers out		(18,429)	(18,482)	(17,587)	(17,582)	(39,517)	(19,050)	(19,327)	(19,078)
Proceeds of long-term debt									
Contribution to Los Angeles County		(1,551)	(903)	(1,306)	(609)	(1,026)			
Proceeds of refunding bonds			143,195						
Payment to refunded bonds escrow agent			(143,195)						
Bond premium proceeds			8,513						
Miscellaneous			1,700						
Total other financing sources (uses)		(1,345)	9,553	(598)	672	20,271	599	175	313
Net Change in fund balance	\$	(21,343)	\$ (2,516)	\$ 1,195	\$ 50	\$ 28,254	\$ (3,861)	\$ 13,241	\$ 26,316
Debt service as a percentage of noncapital expenditures(2):		15.16%	18.77%	13.72%	13.10%	16.51%	13.48%	12.90%	18.25%

Notes:

- (1) Trend data is available for only the prior seven fiscal years since the implementation of GASB 34.
(2) The debt service calculations make use of the capital outlay expenditure balances as presented on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT **Governmental Funds Expenditures and Revenues** **Last 8 Fiscal Years**



In Millions of Dollars

■ Expenditures ■ Revenues

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED) (1) & (2)
 LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	(3) Secured	(4) Unsecured	(5) Unitary	(6) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate
1999 - 2000	\$ 521,494,390	\$ 37,826,556	\$ 12,505,963	\$ (25,495,993)	\$ 546,330,916	1.000000%
2000 - 2001	556,120,737	40,449,723	12,348,515	(26,472,182)	582,446,793	1.000000%
2001 - 2002	592,345,254	44,394,254	12,425,635	(26,803,046)	622,362,097	1.000000%
2002 - 2003	632,815,105	43,785,523	12,357,025	(28,702,612)	660,255,041	1.000000%
2003 - 2004	683,216,372	44,745,197	11,587,736	(29,937,047)	709,612,258	1.000000%
2004 - 2005	738,658,957	43,898,983	10,648,846	(31,851,689)	761,355,097	1.000000%
2005 - 2006	813,276,803	43,964,997	10,718,105	(32,058,237)	835,901,668	1.000000%
2006 - 2007	905,276,182	45,783,429	10,638,106	(36,182,793)	925,514,924	1.000000%
2007 - 2008	990,301,135	48,543,926	11,158,201	(40,091,971)	1,009,911,291	1.000000%
2008 - 2009	1,057,718,427	52,279,248	12,298,465	(41,418,999)	1,080,877,141	1.000000%

Notes:

- (1) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop. 13), the County does not track the estimated actual value of all County properties. Under Prop. 13 property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on property not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop. 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.
- (3) Secured property is generally real property and is defined as land, mines, minerals, timber, and improvements such as buildings, structures, crops, trees, and vines.
- (4) Unsecured property is generally personal property including machinery, equipment, office tools, and supplies.
- (5) Unitary properties are railroads and utilities crossing the County and are assessed by the State Board of Equalization.
- (6) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.

Source:

Auditor-Controller, County of Los Angeles Taxpayers' Guide.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES FOR TAX RATE AREA #4 (UNAUDITED)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>County Direct Rates</u>		<u>Overlapping Rates</u>				<u>Total Rates</u>
	<u>Los Angeles General</u>	<u>Los Angeles County Detention Facilities (1)</u>	<u>Flood Control Districts (1)</u>	<u>Los Angeles City Tax District No. 1</u>	<u>School Districts</u>	<u>Metropolitan Water District</u>	
1999 - 2000	1.00000	0.001422	0.001765	0.031113	0.031528	0.008900	1.074728
2000 - 2001	1.00000	0.001314	0.001552	0.026391	0.040765	0.008800	1.078822
2001 - 2002	1.00000	0.001128	0.001073	0.040051	0.064125	0.007700	1.114077
2002 - 2003	1.00000	0.001033	0.000881	0.042312	0.051571	0.006700	1.102497
2003 - 2004	1.00000	0.000992	0.000462	0.050574	0.097002	0.006100	1.155130
2004 - 2005	1.00000	0.000923	0.000245	0.055733	0.106937	0.005800	1.169638
2005 - 2006	1.00000	0.000795	0.000049	0.051289	0.098634	0.005200	1.155967
2006 - 2007	1.00000	0.000663	0.000052	0.045354	0.128276	0.004700	1.179045
2007 - 2008	1.00000	0.000000	0.000000	0.038051	0.132136	0.004500	1.174687
2008 - 2009	1.00000	0.000000	0.000000	0.038541	0.146897	0.004300	1.189738

Notes:

- (1) The Secured Tax Rate and Ratios Report no longer includes the Detention Facilities and Flood Control Districts rates, as these bonds have matured.
- (A) The tax rate for Tax Rate Area #4, which applies to most property within the City of Los Angeles, is used to illustrate the breakdown of a tax rate within the County.
- (B) Article XIII A (Proposition 13) limits the maximum ad valorem tax rate to 1% of "full cash value" except for indebtedness approved by the voters prior to July 1, 1978. All other rates are calculated per \$100 of assessed value.
- (C) An exception to the 1% limit was provided by Proposition 46 that was approved in June 1986 re-establishing authority of local governments to issue general obligation bonds for certain purposes.
- (D) The County is divided into 11,372 tax rate areas, which are unique combinations of various jurisdictions servicing a specific geographic area.

Source:

Secured Tax Rate and Ratios Report from the County of Los Angeles Auditor-Controller, Tax Division.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED) (1)
 CURRENT YEAR AND NINE YEARS AGO
 JUNE 30, 2009 AND JUNE 30, 2000 (in thousands)

Taxpayer	2009			(2)			2000			(2)		
	Net Assessed Value	Secured Property Value	Rank	Percentage of Total Net Assessed Value			Net Assessed Value	Secured Property Value	Rank	Percentage of Total Net Assessed Value		
Southern California Edison Co.	\$ 4,237,662		1	0.41%			\$ 3,376,685		2	0.66%		
Maguire Thomas Partners	2,937,885		2	0.29%								
Douglas Emmett Realty Fund	2,646,247		3	0.26%			971,261		8	0.19%		
BP West Coast Products	2,570,656		4	0.25%								
Chevron USA Inc.	2,379,496		5	0.23%			1,434,940		6	0.28%		
Trizec LLC	1,841,309		6	0.18%								
Participants in Long Beach Unit	1,738,449		7	0.17%								
Exxon Mobil Corporation	1,645,689		8	0.16%			1,263,558		7	0.25%		
Verizon California Inc.	1,499,091		9	0.15%								
Southern California Gas Co.	1,494,078		10	0.15%			1,511,353		5	0.30%		
Pacific Bell							3,431,571		1	0.67%		
GTE California, Inc.							1,759,810		4	0.35%		
Atlantic Richfield Co.							1,763,854		3	0.35%		
Shuwa Investments Corporation							898,885		10	0.18%		
MCA, Inc							914,822		9	0.18%		
Total	\$ 22,990,562			2.25%			\$ 17,326,739			3.41%		

Notes:

- (1) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) See schedule "Assessed Value & Actual Value of Taxable Property." Total assessed value, \$1,028,597,893 as of June 30, 2009 is based on Secured \$1,057,718,427 plus Unitary \$12,298,465 less exemptions of \$41,418,999. Total assessed value, \$508,504,360 as of June 30, 2000 is based on Secured \$521,494,390 plus Unitary \$12,505,963 less exemptions of \$25,495,993 (in thousands).

Source:

County of Los Angeles Treasurer and Tax Collector.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Collections Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Taxes Levied	Amount Percentage of Levy		Amount Percentage of Levy	
1999 - 2000	\$ 59,202,683	\$ 57,054,336 96.4%	\$ 1,732,580	\$ 58,786,916	99.3%
2000 - 2001	62,268,376	60,193,998 96.7%	1,632,853	61,826,851	99.3%
2001 - 2002	64,247,912	62,189,804 96.8%	1,899,677	64,089,481	99.8%
2002 - 2003	67,717,809	65,555,310 96.8%	1,624,946	67,180,256	99.2%
2003 - 2004	69,320,656	67,488,837 97.4%	1,881,330	69,370,167	100.0%
2004 - 2005	72,588,020	70,524,175 97.2%	1,692,673	72,216,848	99.5%
2005 - 2006	76,988,018	74,737,311 97.1%	1,448,959	76,186,269	99.0%
2006 - 2007	84,892,868	81,430,786 95.9%	1,510,369	82,941,155	97.7%
2007 - 2008	92,174,252	87,339,670 94.8%	2,177,697	89,517,366	97.1%
2008 - 2009	98,132,293	93,388,413 95.2%	4,124,049	97,512,462	99.4%

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Source:

Tax ledgers for the Flood Control District provided by the Auditor-Controller Accounting Division, Property Tax Section.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
RATIO OF OUTSTANDING DEBT BY TYPE (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands, except per capita)

Governmental Activities

Fiscal Year	General Obligation Bonds	Certificates of Participation	Accreted Interest	Unamortized Bond Premiums	Unamortized Loss on Advance Debt Refund	Pension Bonds Payable	Capital Leases	Total Primary Government (1)	Percentage of Assessed Value (2)	Per Capita (3)
1999 - 2000	31,162	177,910	-	-	-	-	-	209,072	0.038%	21.15
2000 - 2001	23,640	168,247	-	-	-	-	-	191,887	0.033%	19.57
2001 - 2002	16,975	158,135	-	-	-	-	-	175,110	0.028%	17.82
2002 - 2003	10,955	143,195	-	-	-	-	-	154,150	0.023%	15.45
2003 - 2004	6,155	131,790	-	-	-	-	-	137,945	0.019%	13.65
2004 - 2005	2,265	119,615	-	-	-	-	-	121,880	0.016%	11.92
2005 - 2006	1,080	126,760	-	-	-	-	-	127,840	0.015%	12.48
2006 - 2007	370	113,190	-	-	-	-	-	113,560	0.012%	10.99
2007 - 2008	0	99,210	-	-	-	-	-	99,210	0.010%	9.57
2008 - 2009	0	84,705	-	-	-	-	-	84,705	0.008%	8.15

Notes:

- (1) Details regarding the Flood Control District's outstanding debt can be found in the Basic Notes to the Financial Statements.
- (2) See the "Demographic and Economic Statistics" schedule for population figures.
- (3) This schedule reports on one category, governmental activities, as the District has no business-type activities to be reported.

Source:

Los Angeles County Flood Control District Financial Statements from Fiscal Year 1999-00 to Fiscal Year 2008-09.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
 RATIO OF NET GENERAL BONDED DEBT (UNAUDITED)
 LAST TEN FISCAL YEARS (in thousands except ratio and per capita)

Fiscal Year	Population (1) & (2)	Assessed Value (2)	General Bonded Debt (3)	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita
1999-00	9,884	\$ 546,330,916	\$ 31,162	0.000057	3.1528
2000-01	9,803	582,446,793	23,640	0.000041	2.4115
2001-02	9,825	622,362,097	16,975	0.000027	1.7277
2002-03	9,979	660,255,041	10,955	0.000017	1.0978
2003-04	10,103	709,612,258	6,155	0.000009	0.6092
2004-05	10,226	761,355,097	2,265	0.000003	0.2215
2005-06	10,246	835,901,668	1,080	0.000001	0.1054
2006-07	10,332	925,514,924	370	0.000000	0.0358
2007-08	10,364	1,009,911,291	0	0.000000	0.0000
2008-09	10,393	1,080,877,141	0	0.000000	0.0000

Notes:

- (1) See "Demographic and Economic Statistics" schedule for population figures and "Assessed Value and Actual Value of Taxable Property" schedule for assessed value.
- (2) This information represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (3) Long-term general bonded debt outstanding includes Storm Drain General Obligation Bonds only.
 The bonds matured on November 1, 2007.

Source:

Los Angeles Almanac website address: www.laalmanac.com/population.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)
JUNE 30, 2009

Full Cash Value (2008-09)
Population - (2009)

\$ 937,884,059,238 (1)
10,393,185 (2)

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:

Los Angeles County Flood Control District

	Percent Applicable	Debit May 1, 2009
Metropolitan Water District	100	\$ 84,705,000
Los Angeles Community College District	46.799	137,319,966
Other Community College Districts	100	2,408,605,000
Arcadia Unified School District	Various (3)	1,510,072,657
Beverly Hills Unified School District	100	173,920,058
Glendale Unified School District	100	198,769,540
Inglewood Unified School District	100	137,880,000
Long Beach Unified School District	100	118,575,000
Los Angeles Unified School District	100	315,155,606
Pasadena Unified School District	100	8,046,220,000
Pomona Unified School District	100	189,635,000
Other Unified School Districts	100	177,831,238
High School and School Districts	Various (3)	2,529,282,197
City of Los Angeles	Various (3)	1,080,639,149
City of Los Angeles Special Tax Lease Revenue Bonds	100	1,298,085,000
City of Industry	100	70,590,000
Other Cities	100	180,415,000
Special Districts	100	84,990,000
Community Facilities Districts	100	8,315,000
Los Angeles County Regional Park & Open Space Assessment District	100	868,046,802
1915 Act and Benefit Assessment Bonds - Estimate	100	246,875,000 (4)
Los Angeles County Metropolitan Transportation Authority Benefit Assessment District Bonds	100	160,329,187
<u>TOTAL DIRECT AND OVERLAPPING TAX & ASSESSMENT DEBT</u>		<u>22,170,000</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		<u>\$ 20,048,426,400</u>
Los Angeles County General Fund Obligations	100	\$ 937,336,195 (5)
Los Angeles County Pension Obligations	100	352,255,398
Los Angeles County Office of Education Certificates of Participation	100	15,904,264
Community College District Certificates of Participation	Various (3)	82,798,138
Azusa Unified School District Certificates of Participation	100	67,560,000
Los Angeles Unified School District Certificates of Participation	100	484,576,710
Norwalk-La Mirada Unified School District Certificates of Participation	100	35,382,999
Pomona Unified School District Certificates of Participation	100	63,280,000
Other Unified School District Certificates of Participation	100	275,202,989
High School and School District General Fund Obligations	Various (3)	196,567,096
City of Beverly Hills General Fund Obligations	100	201,235,000

(Continued)

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued
JUNE 30, 2009

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT - Cont'd:</u>		
City of Los Angeles General Fund & Judgment Obligations	100	1,899,895,000
City of Long Beach General Fund Obligations	100	277,785,000
City of Long Beach Pension Obligations	100	77,095,000
City of Pasadena General Fund Obligations	100	381,294,972
City of Pasadena Pension Obligations	100	123,195,036
Other Cities' General Fund Obligations	100	1,249,326,599
Los Angeles County Sanitation Districts General Fund Obligations	100	359,424,393
Walnut Valley Water District General Fund Obligations	100	11,995,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$ 7,092,109,789
Less: School District self-supporting bonds		(82,473,820)
Walnut Valley Water District General Fund Obligations		(182,837,424)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$ 6,814,803,545
GROSS COMBINED TOTAL DEBT		27,140,536,189 (6)
NET COMBINED TOTAL DEBT		\$ 26,863,229,945
RATIOS TO 2008-09 ASSESSED VALUATION		1.840%
Total Direct and Overlapping Tax and Assessment Debt		0.140%
RATIOS TO FULL CASH VALUE (ADJUSTED ASSESSED VALUATION)		2.870%
Combined Gross Direct Debt (\$1,289,591,593)		2.840%
Gross Combined Total Debt		286.908
Net Combined Total Debt		
STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/08:		

Notes:

- (1) This balance is reduced by homeowners exemptions of \$8,168,707.420 and excludes redevelopment incremental valuation of \$142,993,081.648.
- (2) Yearly estimates from the California State Demographic Research Unit, California Department of Finance, and the U.S. Census Bureau as of January 1 of each year.
- (3) All 100%, or almost 100%, except for Antelope Valley Joint UHSD and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.
- (4) Excludes refunding issue to be sold.
- (5) Excludes tax and revenue anticipation notes to be sold.
- (6) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds and non-bonded capital lease obligations.

Source:

California Municipal Statistics - for general information purposes only.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	Assessed Value (1)	Legal Debt Limit (2)	Total Net Applicable Debt	Legal Debt Margin (3)	Legal Debt Margin/ Debt Limit	COMPUTATION OF LEGAL DEBT MARGIN	
						June 30, 2009	June 30, 2009
1999 - 2000	\$ 546,330,916	\$ 6,829,136	\$ 31,162	\$ 6,797,974	99.54%	Assessed valuation (net taxable)	\$ 1,080,877,141
2000 - 2001	582,446,793	7,280,585	23,640	7,256,945	99.68%	Applicable percentage in computing capacity	1.25%
2001 - 2002	622,362,097	7,779,526	16,975	7,762,551	99.78%	Total debt limit	\$ 13,510,964
2002 - 2003	660,255,041	8,253,188	10,955	8,242,233	99.87%	Less: Total net applicable debt	0
2003 - 2004	709,612,258	8,870,153	6,155	8,863,998	99.93%	Legal debt margin, June 30, 2009	\$ 13,510,964
2004 - 2005	761,355,097	9,516,939	2,265	9,514,674	99.98%		
2005 - 2006	835,901,668	10,448,771	1,080	10,447,691	99.99%		
2006 - 2007	925,514,924	11,568,937	370	11,568,567	100.00%		
2007 - 2008	1,009,911,291	12,623,891	0	12,623,891	100.00%		
2008 - 2009	1,080,877,141	13,510,964	0	13,510,964	100.00%		

Notes:

- (1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value and Actual Value of Taxable Property" schedule. This information above represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) The Legal Debt Limit is 1.25% of assessed value.
- (3) The Legal Debt Margin is the Flood Control District's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable from the Legal Debt Limit.

Source:

County of Los Angeles Auditor-Controller.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
 PLEDGED-REVENUE COVERAGE (UNAUDITED) (1)
 LAST EIGHT FISCAL YEARS (in thousands)

Revenue Bonds

<u>Fiscal Year</u>	<u>Revenue Collected</u>	<u>Debt Service</u>		<u>Total</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Coverage</u>
2001 - 2002	\$ 107,552	\$ 158,135	\$ 54,267	\$ 212,402	0.51
2002 - 2003	115,003	143,195	39,003	182,198	0.63
2003 - 2004	111,697	131,790	32,821	164,611	0.68
2004 - 2005	112,653	119,615	27,414	147,029	0.77
2005 - 2006	113,296	126,760	31,159	157,919	0.72
2006 - 2007	112,524	113,190	25,642	138,832	0.81
2007 - 2008	118,798	99,210	20,539	119,749	0.99
2008 - 2009	126,963	84,705	15,962	100,667	1.26

Note:

(1) Trend data is available for only the prior seven fiscal years since the implementation of GASB 34.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED) (1)
LAST TEN FISCAL YEARS (in thousands)

Year	Population County of Los Angeles *	Personal Income **		Per Capita Personal Income (2)		School Enrollment (3) ***	Unemployment Rate	
		\$		\$				
2000	9,884		279,050,000		28,232	1,651	5.3%	
2001	9,803		294,508,000		30,043	1,682	5.7%	
2002	9,825		301,003,000		30,636	1,711	6.8%	
2003	9,979		310,044,000		31,070	1,736	7.0%	
2004	10,103		329,048,000		32,569	1,742	6.5%	
2005	10,226		349,868,000		34,214	1,734	5.3%	
2006	10,246		370,860,000		36,196	1,708	4.5%	
2007	10,332		379,824,000		36,762	1,673	4.4%	
2008	10,364		411,000,000		39,657	1,648	6.2%	
2009	10,393		392,000,000		37,718	1,632	11.7%	(4) ****

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Notes:

- (1) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) Amounts shown are in actual dollars (not thousands).
- (3) Public school enrollment.
- (4) Year 2009 is an estimate as of July 2009.

Sources:

- * Los Angeles Almanac website address: www.laalmanac.com/population.
- ** Bureau of Economic Analysis website address: www.bea.gov. Year 2009 is an estimate forecast from Los Angeles County Economic Development Corporation.
- *** California Department of Education website address: www.cde.ca.gov.
- **** Los Angeles County Economic Development Corporation-Economic Forecast: website address: www.laedc.com.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
TEN LARGEST INDUSTRIES (UNAUDITED) (1) & (2)
CURRENT YEAR AND NINE YEARS AGO

<u>Industry</u>	<u>JUNE 30, 2009</u>			<u>JUNE 30, 2000</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total</u>
Trade, Transportation and Utilities	763,900	1	17.32%	780,800	1	17.70%
Government	613,600	2	13.91%	585,600	4	13.28%
Professional & Business Services	551,400	3	12.50%	587,200	3	13.31%
Educational & Health Services	503,700	4	11.42%	412,900	5	9.36%
Manufacturing	400,000	5	9.07%	620,000	2	14.06%
Leisure & Hospitality	389,200	6	8.82%	349,800	6	7.93%
Financial Activities	224,700	7	5.09%	225,900	8	5.12%
Information	194,900	8	4.42%	240,700	7	5.46%
Other Services	142,700	9	3.24%	142,300	9	3.23%
Construction	127,700	10	2.90%	132,300	10	3.00%
Ten largest industries	3,911,800		88.69%	4,077,500		92.45%
All other industries	498,600		11.31%	332,800		7.55%
Total industries	4,410,400		100.00%	4,410,300		100.00%

Notes:

- (1) This schedule is based on the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) We are presenting employment by industry because we have been unable to obtain employment numbers for individual employers.

Sources:

State of California Employment Development Department website address: www.edd.ca.gov/labormarketinfo.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION/PROGRAM (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)

<u>Function/Program</u>	<u>(1) and (2)</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
General Government		10,469	10,447	10,808	11,063	11,201	10,915	11,018	11,185	11,692	11,605
Public Protection	(3)	36,170	37,198	38,428	38,175	37,688	37,065	38,049	39,528	41,560	42,583
Health and Sanitation		26,311	27,107	27,737	27,056	26,079	26,322	26,717	27,072	27,395	27,345
Public Assistance		17,653	18,600	19,536	19,310	19,048	19,132	19,540	20,329	20,867	20,940
Education		1,600	1,628	1,666	1,706	1,722	1,722	1,828	1,871	1,878	1,829
Recreation and Cultural Services		2,317	2,282	2,352	2,406	2,388	2,324	2,393	2,649	2,977	3,075
Total		94,520	97,262	100,527	99,716	98,126	97,480	99,545	102,634	106,369	107,377

Notes:

- (1) Full-time equivalent count is calculated by dividing the total number of man-months paid by 12. Full-time equivalent employees include all employees on the County's payroll system. This accounts for the difference between the total number of County employees on this schedule and the number of County employees per the "Principal Employers" schedule.
- (2) Specific data for Public Ways and Facilities is not available.
- (3) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area. Full-time equivalent County employees in the Flood Control District are reflected under the Public Protection Function/Program.

Source:

Employee Count study performed by the County of Los Angeles Auditor-Controller, Accounting Division.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)
LAST EIGHT FISCAL YEARS

<u>Function/Program</u>	(1)	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	2008-09 (Estimated)
Public Protection									
Flood Control									
Operation and maintenance costs per mile of storm drain maintained	\$	1,891	\$ 1,088	\$ 1,309	\$ 1,602	\$ 2,423	\$ 2,127	\$ 2,312	\$ 2,282
Operation and maintenance costs per mile of channel maintained		52,690	45,459	51,864	46,046	54,977	46,530	53,235	55,218
Operation and maintenance costs per thousand cubic yards of debris basin capacity		672	1,664	915	1,741	1,137	918	1,142	1,173
Operation and maintenance costs per acre-foot of dam capacity		125	148	197	211	135	119	139	133
Total	\$	55,378	\$ 48,359	\$ 54,285	\$ 49,600	\$ 58,672	\$ 49,694	\$ 56,828	\$ 58,806

Notes:

- (1) Trend data is available for only the prior seven fiscal years since the implementation of GASB 34.
(2) Excludes cost for sediment removal.

Sources:

FYs 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 Proposed County Budgets, Volume One.
FY 2009-10 Proposed Budget Program Summary and Performance Measures.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)
LAST SIX FISCAL YEARS

Function/Program	(1)	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Public Protection							
Linear Feet of Channel		2,924,837	2,924,837	2,926,093	2,929,431	2,933,167 (2)	2,944,493
Linear Feet of Storm Drain		15,077,213	15,087,435	15,150,380	15,198,381 (2)	15,270,645 (2)	15,339,825
CDS Unit		17	17	17	17	24 (2)	33
Debris Basin		129	129	129	129	131 (2)	132
Debris Retaining Inlet		260	260	260	260	268 (2)	270
Detention Retention B		21	21	21	21	21	21
Crib Dam		234	234	234	234	234	234
Barrier		3	3	3	3	6	6
Pump Plant		52	52	52	53	53	53
Spreading Ground		26	26	26	26	26	26
Dam		15	15	15	15	15	15
Stream Gauging Station		60	60	60	60	60	60
Catch Basin		77,827	77,827	77,827	77,827	77,847	77,856

Notes:

- (1) Trend data is available for only the prior five years since the implementation of GASB 34.
(2) Data has been adjusted to reflect prior year adjustments for FY 2006-07 and FY 2007-08.

Sources:

"Flood Network" for FY 2003-04, FY 2004-05, FY 2005-06, FY 2006-07, FY 2007-08 and FY 2008-09 provided by County of Los Angeles Department of Public Works, Fiscal Division, Expenditure Management Section, Property Unit.

Other Compliance Report



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Board of Supervisors
County of Los Angeles, California

We have audited the financial statements of the governmental activities and each major fund of the Los Angeles County Flood Control District (District), as of and for the fiscal year ended June 30, 2009 which collectively comprise the Los Angeles County Flood Control District's basic financial statements, and have issued our report thereon dated December 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Los Angeles County Flood Control District are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the County of Los Angeles Board of Supervisors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Beverly Hills, CA
December 17, 2009

Photo Gallery

Oxford Retention Basin Bioremediation

Pre Bioremediation



Post Bioremediation



The Los Angeles County Department of Public Works (LACDPW) contracted Andersen Environmental to assist in eliminating nuisance algae and foul odors at Oxford Retention Basin. The treatment product is a natural and non-toxic formula of microbes, which act symbiotically to out-compete the algae for nitrogen and phosphorus-based nutrients. After a little over four months of treatment, visual inspection shows a vast reduction in the amount of algae in the Basin. Similarly, there has been a noticeable decrease in foul odors.

Irwindale/Manning Drain



Irwindale Spreading Basin is a deep pit, and fine sediments are deposited during storm events which clog the basin bottom. The percolation rate was reduced from 40 cubic feet per second to less than 1 cubic foot per second. The new drain jacked from Irwindale Spreading Basin to the adjacent Manning Pit will allow annual drying and maintenance to the spreading facility to ensure higher percolation rates. The project could increase the conservation of storm water at the facility by approximately 4,000 acre-feet per year.

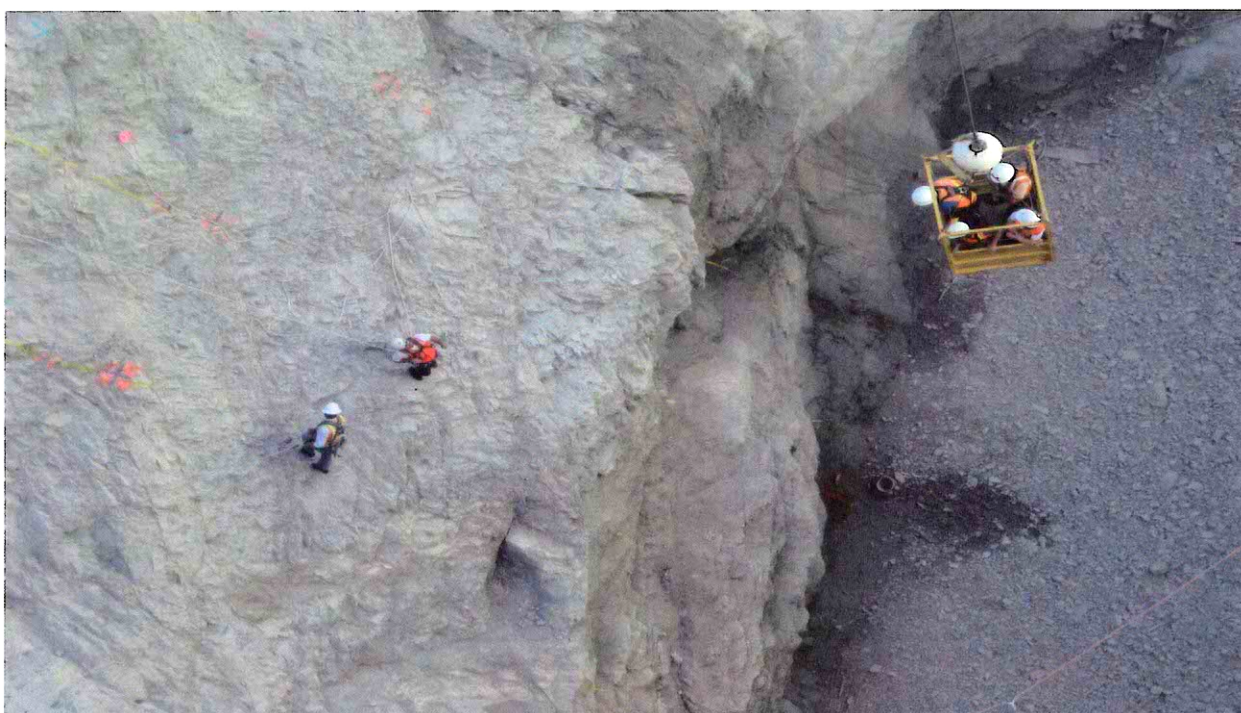
Hansen Spreading Grounds Improvements



The Flood Control District partnered with the City of Los Angeles Department of Water and Power to jointly fund this \$7.2 million project which combined 18 existing basins into 6 deeper basins. The storage capacity was increased from 280 acre-feet to 1,400 acre-feet allowing the conservation of storm water to increase by approximately 2,000 acre-feet per year.

***Los Angeles County Flood Control District
Photo Gallery***

Big Tujunga Dam Retrofit



Structural modifications are made to meet current seismic and spillway capacity requirements, as well as, to increase water conservation and habitat enhancement opportunities.

***Los Angeles County Flood Control District
Photo Gallery***

LA River Invert Agua Dam Installation



The Los Angeles River utilizes a trapezoidal low-flow channel, within the larger concrete-lined trapezoidal channel, to convey dry weather flow. The low-flow channel is typically 28 inches deep with a 20 foot wide invert and 4:1 side slopes. Due to continuous dry weather flow, the low-flow channel's invert is not routinely inspected for deficiencies. An Aqua Dam diversion system was utilized to dewater approximately 200 feet of low-flow channel. The diversion system consisted of a series of various sized dams which were filled with water from the low-flow.

Puddingstone Diversion

